TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
December 31, 2016 AND 2015

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2016 and for the year then ended prepared under the International Financial Reporting Interpretation No. 10 (referred to as "Consolidated Financial Statements") are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as "Combined Financial Statements"). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Tatung Co., Ltd.

Chairman: Wei-Shan Lin

March 29, 2017

Independent Auditors' Report

English Translation of a Report Originally Issued in Chinese

The Board of Directors and Shareholders
Tatung Co., Ltd. ("the Company")

Opinion

We have audited the accompanying consolidated balance sheets of the Company and its subsidiaries ("the Group") as of December 31, 2016 and 2015, the related consolidated statements of comprehensive income, and the related consolidated statements of changes in equity and cash flows for the years ended December 31, 2016 and 2015, and notes to the consolidated financial statements including a summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matters section), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2016 and 2015, and their consolidated financial performance and cash flows for the years ended December 31, 2016 and 2015, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2016 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

Net sales recognized by the Group amounted to NT$ 77,677,625 thousand for the year of 2016 as revenue in 2016. The Company and its subsidiaries operated in various industries and their various products were sold to local as well as foreign markets. The sales terms varied, the sales amount was relatively large and the transactions were highly complicated. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition; selecting samples to perform tests of details and vouching them to transaction records, examining contracts, sales orders or supporting documents; reviewing significant terms and condition of contracts; performing cut-off testing by selecting a set of samples of transactions from either side of year-end and vouching them to supporting evidences to ensure the reasonableness of revenue cut-off; performing analytical procedures on gross margin and sales from major customers; reviewing significant subsequent sales returns and discounts to verify the occurrence of sales transactions and reasonableness of the timing of revenue recognition.

We also assessed the adequacy of disclosures of operating revenues. Please refer to Note 4, Note 5, and Note 6 to the Group's consolidated financial statements.

2. The Judgement of Consolidated Entities

According to IFRS 10, an investor is the parent company of the investee when the investor has control over the investee regardless of how the investor participates in the investment. Since the Group holds less than 50% of the shares of some consolidated entities, and the judgment of whether the Company has control over the consolidated entities would directly affect the consolidated financial statements, we considered this a key audit matter.

Our audit procedures included, but not limited to, obtaining the group structure chart; investigating changes in group structure; inspecting the comprehensive holding percentage of each consolidated entity; analyzing the composition of the board of directors and management, the changes of board members, holding percentage of the top ten shareholders, attendance rate in shareholders meetings, and related investment contracts to confirm the appropriateness of the Company's control over its consolidated entities.

Please refer to Note 4 to the consolidated financial statements for the consolidation status of the Group as of December 31, 2016.

3. Non-financial Assets Impairment

The Group had operating loss in 2016, which indicated a possibility of impairment. As of December 31, 2016, the net value of property, plant and equipment accounted for 30% of the total consolidated asset of the Group, which is deemed significant to the consolidated financial statements of the Group. In addition, the assessment process of impairment of aforementioned non-financial assets highly relies on assumption and estimation. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, inspecting the impairment possibility and the cash-generating unit of the property, plant and equipment; obtaining the data and assumption regarding the evaluation of recoverable amount from the Company. In addition to considering the historical and external financial information to evaluate the appropriateness of the related assumption, we adopted the evaluation report provided by the internal expert for assessing the appropriateness of the impairment testing data or the fair value report of the cash-generating unit, the method of evaluation and the key evaluation parameters, such as discount rate.

Please refer to Note 5 and Note 6 to the consolidated financial statements for the disclosure of property, plant and equipment.

Other Matters-Referring to Other Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$2,484,005 thousand and NT$3,121,429 thousand, constituting 1% and 2% of consolidated total assets as of December 31, 2016 and 2015, respectively, and total operating revenues of NT$2,700,829 thousand and NT$2,585,439 thousand, constituting 3% and 3% of consolidated operating revenues for the years ended December 31 2016 and 2015, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT$3,846,228 thousand and NT$4,543,168 thousand, representing 2% and 2% of consolidated total assets as of December 31, 2016 and 2015, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$(258,571) thousand and NT$315,019 thousand, representing 12% and (3)% of the consolidated net loss before tax for the years ended December 31 2016 and 2015, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(133,419) thousand and NT$(25,936) thousand, representing 3% and 2% of the consolidated other comprehensive income for the years ended December 31, 2016 and 2015, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2016 and 2015.

Su-Wen Lin

Hsuan-Hsuan Wang

Ernst & Young, Taiwan
March 29, 2017

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China on Taiwan.

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and December 31, 2015
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2016		December 31, 2015	
Contents	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4,6	$42,687,252	18	$27,131,458	13
Financial assets at fair value through profit or loss, current	4,6,8	17,262,633	7	2,362,506	1
Available-for-sale financial assets, current	4,6	390,711	-	394,114	-
Financial assets in held-to-maturity, current	4,6	20,000	-	20,000	-
Financial assets carried at cost, current	4,6	29,238	-	29,238	-
Debt instrument investments for which no active market exists, current	4,6,8	24,057,035	10	18,144,386	9
Notes receivable, net	4,6	547,939	-	644,925	-
Accounts receivable, net	4,6,8	8,268,682	4	11,345,663	6
Accounts receivable - related parties, net	4,6,7	22,655	-	80,303	-
Construction receivables	4,6	173,874	-	384,583	-
Other receivables	4	3,496,854	2	2,367,700	1
Other receivables - related parties	4,7	2,070	-	2,248	-
Current tax assets		40,806	-	51,033	-
Inventories	4,6,8	16,933,720	7	19,108,788	9
Prepayments	8	1,972,180	1	3,192,691	2
Non-current assets classified as held for sale	4,6	13,224,395	6	207,235	-
Other current assets		1,035,237	-	1,494,080	1
Total current assets		130,165,281	55	86,960,951	42
Non-current assets					
Available-for-sale financial assets, non-current	4,6,8	1,025,321	-	3,429,937	2
Financial assets carried at cost, non-current	4,6	408,283	-	329,311	-
Debt instrument investments for which no active market exists, non-current	4,6,8	2,928,817	1	3,783,020	3
Investments accounted for under the equity method	4,6,8	5,668,214	2	6,586,038	3
Property, plant and equipment	4,5,6,8	71,518,020	30	77,800,166	39
Investment property, net	4,5,6	14,106,097	6	14,070,026	7
Intangible assets	4,6	1,091,100	1	1,792,921	1
Deferred tax assets	4,6	2,620,497	1	2,741,597	1
Other non-current assets	6,8	8,611,524	4	4,286,943	2
Long-term receivables	4,6,7	256,199	-	137,708	-
Total non-current assets		108,234,072	45	114,957,667	58
Total assets		$238,399,353	100	$201,918,618	100

TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and December 31, 2015
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2016		December 31, 2015	
Contents	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	6,8	$54,412,093	23	$45,426,925	23
Short-term notes and bills payable	6	2,057,903	1	1,607,115	1
Financial liabilities at fair value through profit or loss, current	4,6	841	-	932,686	-
Notes payable		462,161	-	689,685	-
Accounts payable		13,107,690	5	17,060,930	9
Accounts payable - related parties	7	12,243	-	17,853	-
Other payables	7	10,783,750	5	9,696,310	5
Current tax liabilities		288,162	-	379,112	-
Provision, current	4,6	116,817	-	116,496	-
Liabilities related to non-current assets classified as held for sale	4,6	4,339,032	2	-	-
Advanced receipts		2,720,349	1	2,442,510	1
Current portion of bonds payable	6	-	-	600,000	-
Current portion of long-term loans	6,8	13,087,564	5	23,498,617	12
Other current liabilities - others		1,692,892	1	1,549,205	1
Total current liabilities		103,081,497	43	104,017,444	52
Non-current liabilities					
Long-term loans	6,8	38,223,531	16	35,285,477	17
Provision, non-current	4,6	306,406	-	499,478	-
Deferred tax liabilities	4,6	6,533,997	3	7,072,175	4
Long-term payables		140,646	-	27,228	-
Long-term deferred revenues	4,6	240,620	-	356,902	-
Net defined benefit liability	4,6	3,635,590	2	5,186,102	3
Deposits in		148,028	-	510,134	-
Deferred credit for investments accounted for under the equity method	4,6	19,970	-	19,970	-
Other non-current liabilities, others		185,743	-	31,849	-
Total non-current libilities		49,434,531	21	48,989,315	24
Total liabilities		152,516,028	64	153,006,759	76
Equity attributable to shareholders of the parent					
Capital stock					
Common stock	6	23,395,367	10	23,395,367	12
Capital reserve	6	2,864,841	1	785,376	-
Retained earnings	6				
Legal reserve		36,354	-	36,354	-
Special reserve		6,946,785	3	10,047,053	5
Accumulated deficits		(2,175,074)	(1)	(3,100,268)	(2)
Total retained earnings		4,808,065	2	6,983,139	3
Other equities					
Exchange differences on translation of foreign operation	4	(709,739)	-	8,114	-
Unrealized gain or loss on available-for-sale financial assets	4	365,333	-	235,469	-
Equity related to non-current assets classified as held for sale	4,6	(26,698)	-	(1,439)	-
Total other equities		(371,104)	-	242,144	-
Treasury stock	4,6	(1,056,865)	(1)	(806,870)	-
Equity attributable to shareholders of the parent		29,640,304	12	30,599,156	15
Non-controlling interests	4,6	56,243,021	24	18,312,703	9
Total equity		85,883,325	36	48,911,859	24
Total liabilities and equity		$238,399,353	100	$201,918,618	100

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	Notes	2016 Amount	2016 %	2015 Amount	2015 %
Operating revenues	4,6,7	$78,886,924	102	$86,641,379	102
Less: Sales returns	5,6	(813,288)	(1)	(906,700)	(1)
Less: Sales allowances	5,6	(396,011)	(1)	(1,015,495)	(1)
Net operating revenues		77,677,625	100	84,719,184	100
Operating costs	6,7	(67,091,059)	(86)	(79,779,995)	(94)
Net gross profit		10,586,566	14	4,939,189	6
Operating expenses	6				
Sales and marketing		(4,142,185)	(6)	(4,835,551)	(6)
General and administrative		(5,444,722)	(7)	(5,034,443)	(6)
Research and development		(3,871,308)	(5)	(4,627,666)	(5)
Total operating expense		(13,458,215)	(18)	(14,497,660)	(17)
Operating loss		(2,871,649)	(4)	(9,558,471)	(11)
Non-operating income and expense					
Other income	4,6,7	2,986,620	4	2,562,915	3
Other gains and (losses)	6	2,160,468	3	498,928	-
Finance costs	4,6	(4,293,969)	(6)	(4,253,860)	(5)
Share of profits of associates and joint ventures	6	(187,957)	-	667,618	1
Total Non-operating income and expense		665,162	1	(524,399)	(1)
Loss before income tax		(2,206,487)	(3)	(10,082,870)	(12)
Income tax expense	4,5,6	(1,299,767)	(2)	(1,128,167)	(1)
Loss from continuing operations		(3,506,254)	(5)	(11,211,037)	(13)
(Loss)Profit from discontinued operations	4,6	(33,648)	-	416,518	-
Net Loss		(3,539,902)	(5)	(10,794,519)	(13)
Other comprehensive (loss) income	4,6				
Not to be reclassified to profit or loss in subsequent periods:					
Gains(losses) on remeasurements of defined benefit plans		338,426	-	(62,040)	-
Equity related to non-current assets classified as held for sale		(4,110)		-	
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, not to be reclassified to profit or loss		466	-	(1,382)	-
Income tax related to components of other comprehensive income, not to be reclassified to profit or loss		(10,341)	-	7,306	-
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation		(3,559,383)	(5)	(1,592,691)	(2)
Unrealized gain (loss) from available-for-sale financial assets		(912,523)	(1)	174,063	-
Equity related to non-current assets classified as held for sale		(215,067)		-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, to be reclassified to profit or loss		(125,581)	-	(29,252)	-
Income tax related to components of other comprehensive income, to be reclassified to profit or loss		386,501	1	170,952	-
Total of other comprehensive income, net of income tax		(4,101,612)	(5)	(1,333,044)	(2)
Total comprehensive (loss) income		$(7,641,514)	(10)	$(12,127,563)	(15)
Net loss attribute to:					
Shareholders of the parent		$(2,343,945)		$(3,075,015)	
Non-controlling interests		(1,195,957)		(7,719,504)	
		$(3,539,902)		$(10,794,519)	
Total comprehensive (loss) income attribute to:					
Shareholders of the parent		$(2,765,124)		$(3,750,958)	
Non-controlling interests		(4,876,390)		(8,376,605)	
		$(7,641,514)		$(12,127,563)	
Loss per share	6				
Basic loss per share (NT$)					
Basic loss per share from continuing operations		$(1.03)		$(1.37)	
Basic loss per share from discontinued operations		-		0.02	
Basic loss per share		$(1.03)		$(1.35)	
Diluted loss per share (NT$)		$(1.03)		$(1.35)	

English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

	Attributed to Equity Holders of the Parent											
			Retained Earnings			Other Components of Equity						
Contents	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operation	Unrealized Gain or Loss on Financial Assets	Equity Related to Non-current Assets Classified as Held for Sale	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance as of January 1, 2015	$23,395,367	$750,641	$-	$9,975,000	$160,587	$329,756	$562,106	$-	$(806,870)	$34,366,587	$27,503,937	$61,870,524
Legal reserve	-	-	36,354	-	(36,354)	-	-	-	-	-	-	-
Special reserve	-	-	-	124,233	(124,233)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(52,180)	52,180	-	-	-	-	-	-	-
Change in share of other associates and joint ventures accounted for using the equity method	-	(747)	-	-	(49,175)	-	-	-	-	(49,922)	-	(49,922)
Net loss in 2015	-	-	-	-	(3,075,015)	-	-	-	-	(3,075,015)	(7,719,504)	(10,794,519)
Other comprehensive income (loss) in 2015	-	-	-	-	(25,980)	(321,665)	(326,859)	(1,439)	-	(675,943)	(657,101)	(1,333,044)
Total comprehensive income (loss)	-	-	-	-	(3,100,995)	(321,665)	(326,859)	(1,439)	-	(3,750,958)	(8,376,605)	(12,127,563)
Acquisition or disposal of subsidiaries' shares	-	-	-	-	(3,005)	23	222	-	-	(2,760)	-	(2,760)
Change in subsidiaries' ownersihp	-	35,482	-	-	727	-	-	-	-	36,209	99,668	135,877
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(914,297)	(914,297)
Balance as of December 31, 2015	$23,395,367	$785,376	$36,354	$10,047,053	$(3,100,268)	$8,114	$235,469	$(1,439)	$(806,870)	$30,599,156	$18,312,703	$48,911,859
Balance as of January 1, 2016	$23,395,367	$785,376	$36,354	$10,047,053	$(3,100,268)	$8,114	$235,469	$(1,439)	$(806,870)	$30,599,156	$18,312,703	$48,911,859
Special reserve used to cover accumulated deficits	-	-	-	(3,100,268)	3,100,268	-	-	-	-	-	-	-
Net loss in 2016	-	-	-	-	(2,343,945)	-	-	-	-	(2,343,945)	(1,195,957)	(3,539,902)
Other comprehensive income (loss) in 2016	-	-	-	-	192,069	(717,853)	129,864	(25,259)	-	(421,179)	(3,680,433)	(4,101,612)
Total comprehensive income (loss)	-	-	-	-	(2,151,876)	(717,853)	129,864	(25,259)	-	(2,765,124)	(4,876,390)	(7,641,514)
Acquisition of treasury share	-	-	-	-	-	-	-	-	(249,995)	(249,995)	249,995	-
Acquisition or disposal of subsidiaries' shares	-	(258,816)	-	-	(21,565)	-	-	-	-	(280,381)	(1,925,872)	(2,206,253)
Change in subsidiaries' ownership	-	2,338,281	-	-	(1,633)	-	-	-	-	2,336,648	44,662,948	46,999,596
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(180,363)	(180,363)
Balance as of December 31, 2016	$23,395,367	$2,864,841	$36,354	$6,946,785	$(2,175,074)	$(709,739)	$365,333	$(26,698)	$(1,056,865)	$29,640,304	$56,243,021	$85,883,325

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the Year Ended December 31, 2016 Amount	For the Year Ended December 31, 2015 Amount
Cash flows from operating activities:		
Net loss from continuing operations before income tax	$(2,206,487)	$(10,082,870)
Net income from discontinued operations before income tax	13,252	423,904
Net loss before income tax	$(2,193,235)	$(9,658,966)
Adjustments to reconcile consolidated net loss to net cash provided by operating activities:		
Depreciation expense	9,614,995	10,917,161
Amortization expense	420,498	454,241
Allowance for long-term receivables	11,827	200,108
Income from financial asset or financial liability at fair value through profit or loss	(151,313)	(272,996)
Interest expenses	4,293,969	4,283,530
Interest income	(977,370)	(921,594)
Dividends income	(52,487)	(59,003)
Share of profit of associates and joint ventures	187,957	(667,618)
Gain on disposal of property, plant and equipment	(420,690)	(1,788,850)
Loss on disposal of held-for-sale asset	4,082	-
Gain on disposal of investments	(2,482,191)	(122,383)
Impairment loss on financial assets	68,398	-
Impairment loss on non-financial assets	742,690	484,336
Changes in assets and liabilities from operating activities:		
Notes receivable	96,986	(61,921)
Accounts receivable	1,236,438	4,118,785
Accounts receivable - related parties	57,648	32,496
Construction receivables	103,684	1,209,126
Other receivables (include related parties)	(968,630)	86,977
Inventory	1,494,264	2,043,885
Prepayments	561,856	460,755
Other current assets	458,843	(1,249,735)
Financial assets at fair value through profit or loss	(450,961)	110,452
Other non-current assets	469,271	365,197
Notes payable	(227,524)	352,012
Accounts payable	(2,365,304)	(3,223,704)
Accounts payable - related parties	(5,610)	14,039
Other payables	(20,711)	482,045
Provision	(192,751)	(77,187)
Advanced receipts	422,739	(1,571,262)
Financial liabilities at fair value through profit or loss	(140)	911
Other current liabilities - others	150,054	7,037
Net defined benefit liability	(1,506,482)	(526,232)
Long-term deferred revenues	(31,282)	93,493
Other liabilities	68,894	(163,167)
Cash generated from operations	8,418,412	5,351,968
Interest received	1,191,617	474,258
Dividend received	53,272	54,310
Interest paid	(4,053,644)	(4,269,825)
Income taxes paid	(1,409,246)	(570,167)
Net cash provided by operating activities	4,200,411	1,040,544

Contents	For the Year Ended December 31, 2016 Amount	For the Year Ended December 31, 2015 Amount
Cash flows from investing activities：		
Acquisition of financial assets at fair value through profit or loss	$(16,271,430)	$-
Disposal of financial assets at fair value through profit or loss	580,499	-
Acquisition of available-for-sale financial assets	(52,161)	(7,529)
Disposal of available-for-sale financial assets	3,785,523	197,347
Acquisition of investment in debt instrument without active marke	(20,565,188)	(11,836,654)
Disposal of investment in debt instrument without active marke	14,065,137	5,214,023
Acquisition of financial assets carried at cost	(147,531)	-
Disposal of financial assets carried at cost	540	-
Acquisition of investments accounted for using equity methed	(4,841)	(505,498)
Cash returns from capital reduction of investments accounted for under the equity method	781	4,672
Disposal of non-current assets held for sale	248,203	61,640
Acquisition of property, plant and equipment	(12,527,615)	(6,386,992)
Disposal of property, plant and equipment	1,242,547	3,292,953
Acquisition of intangible assets	(308,661)	(229,868)
Disposal of intangible assets(including withholding tax refund received)	-	71,925
Acquisition of investment property	(102,300)	(218,277)
Increase in long-term receivables	(23,293)	(35,881)
Increase in other non-current asset	(4,458,353)	(73,770)
Cash outflow from de-consolidation of subsidiaries	-	(72,899)
Net cash used in investing activities	(34,538,143)	(10,524,808)
Cash flows from financing astivities ：		
Increase in short-term loans	131,277,307	133,769,588
Decrease in short-term loans	(122,334,120)	(128,307,716)
Increase in short-term notes and bills payable	2,132,818	1,563,786
Decrease in short-term notes and bills payable	(1,560,635)	(5,715,837)
Repayment of bonds	(600,000)	(600,000)
Proceeds from long-term loans	38,315,732	19,095,210
Repayment of long-term loans	(43,775,290)	(12,689,779)
Increase in deposits-in	17,834	13,625
Decrease in long-term payable	113,418	(11,171)
Purchase of treasury stocks	(249,995)	-
Disposal of shares of subsidiaries' equity	32,232	40,625
Change in non-controlling interests	46,887,835	(737,875)
Net cash generated from financing astivities	50,257,136	6,420,456
Effects of exchange rate changes on cash and cash equivalents	(529,462)	54,984
Net increase (decrease) in cash and cash equivalents	19,389,942	(3,008,824)
Cash and cash equivalents included in held-for-sale group	(3,834,148)	-
Cash and cash equivalents at the beginning of periods	27,131,458	30,140,282
Cash and cash equivalents at the end of periods	$42,687,252	$27,131,458

TATUNG CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

1. Organization Operations

Established in 1918, Tatung Company (the "Company") was incorporated under the Company Act of the Republic of China ("R.O.C.") and underwent reorganization in 1939. The total capital at that time was Taiwan Yuan $180,000, later increased to Taiwan Yuan $20,000,000 after several capital injections. After the reformation of monetary system in 1949, the total capital was converted to the equivalent of New Taiwan dollars ("NTD") 200,000. As of December 31, 2016, the issued and registered capital was NTD 23,395,367 thousand. The main activities of the Company are as follows:

(1) The design, manufacture, sale, installation, network system, automation system, lease, service maintenance, import and export as agency of the following products:

①Steel manufacturing machinery
②Industrial appliances
③Household appliances
④Refrigerators
⑤Air conditioners
⑥Metal processing machinery
⑦Electronic products
⑧Wire and cable
⑨Chemical industry
⑩Cookware
⑪Wood-made products
⑫Plastic products
⑬Office equipment
⑭Audio products
⑮Precision meters
⑯Transmission equipment
⑰Transportation facilities
⑱Healthcare products
⑲Microbe fermentation
⑳Construction
㉑Furniture
㉒Solar wafers
㉓Water treatment engineering
㉔Telecommunication equipment
㉕Parking facilities
㉖Automation machinery
㉗Semiconductors
㉘Real estate development and leasing

(2) Magazine publishing

(3) Customs brokerage

(4) General import/export (excluding permitted business)

(5) Development and leasing (excluding construction industry) of industrial parks on behalf of the competent authority.

The investment plans should be approved by the Board of Directors; however, the total investment amount is not limited to the amount provided by Article 13 of Company Act, which states that the total investment amount shall not exceed 40% of the amount of its own paid-in capital.

The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on February 9, 1962. The Company's registered office and the main business location locate at No. 22, Zhongshan North Road, Section 3, Taipei, Republic of China (R.O.C.).

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended December 31, 2016 and 2015 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 29, 2017.

3. Newly issued or revised standards and interpretations

(1) Standards or interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission ("FSC"), but not yet adopted by the Group at the date of issuance of the Group's financial statements are listed below.

(a) *IAS 36 "Impairment of Assets" (Amendment)*

This amendments relate to the amendments issued in May 2011 and require entities to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit when an impairment loss has been recognized or reversed during the period. The amendments also require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed, including valuation techniques used, level of fair value hierarchy of assets and key assumptions used in measurement. The amendments are effective for annual periods beginning on or after 1 January 2014.

(b) *IFRIC 21 "Levies"*

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government (both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain). The interpretation is effective for annual periods beginning on or after 1 January 2014.

(c) *IAS 39 "Financial Instruments: Recognition and Measurement" (Amendment)*

Under the amendments, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The interpretation is effective for annual periods beginning on or after 1 January 2014.

(d) *IAS 19 "Employee Benefits" (Defined benefit plans: employee contributions)*

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to provide a policy choice for a simplified accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for annual periods beginning on or after 1 July 2014.

(e) *Improvements to International Financial Reporting Standards (2010-2012 cycle):*

IFRS 2 "Share-based Payment"

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendments prospectively apply to share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 "Business Combinations"

The amendments include: (1) deleting the reference to "other applicable IFRSs" in the classification requirements; (2) deleting the reference to "IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or other IFRSs as appropriate", other contingent consideration that is not within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss; (3) amending the classification requirements of IFRS 9 *Financial Instruments* to clarify that contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in profit or loss depending on the requirements of IFRS 9. The amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

IFRS 8 "Operating Segments"

The amendments require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. The amendments also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The amendments are effective for annual periods beginning on or after 1 July 2014.

IFRS 13 "Fair Value Measurement"

The amendments to the Basis for Conclusions of IFRS 13 clarify that when deleting paragraph B5.4.12 of IFRS 9 *Financial Instruments* and paragraph AG79 of IAS 39 *Financial Instruments: Recognition and Measurement* as consequential amendments from IFRS 13 *Fair Value Measurement*, the IASB did not intend to change the measurement requirements for short-term receivables and payables.

IAS 16 "Property, Plant and Equipment"

The amendments clarify that when an item of property, plant and equipment is revalued, the accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendments are effective for annual periods beginning on or after 1 July 2014.

IAS 24 "Related Party Disclosures"

The amendments clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendments are effective for annual periods beginning on or after 1 July 2014.

IAS 38 "Intangible Assets"

The amendments clarify that when an intangible asset is revalued, the accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendments are effective for annual periods beginning on or after 1 July 2014.

(f) *Improvements to International Financial Reporting Standards (2011-2013 cycle):*

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendments clarify that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application.

IFRS 3 "Business Combinations"

This amendments clarify that paragraph 2(a) of IFRS 3 *Business Combinations* excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendment are effective for annual periods beginning on or after July 1, 2014.

IFRS 13 "Fair Value Measurement"

The amendments clarify that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. The objective of the amendments is to clarify that this portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*. The amendments are effective for annual periods beginning on or after July 1, 2014.

IAS 40 "Investment Property"

The amendments clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property; in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 *Business Combinations* and investment property as defined in IAS 40 *Investment Property*, separate application of both standards independently of each other is required. The amendments are effective for annual periods beginning on or after July 1, 2014.

(g) *IFRS 14 "Regulatory Deferral Accounts"*

IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. IFRS 14 is effective for annual periods beginning on or after January 1, 2016.

(h) *IFRS 11 "Joint Arrangements" (Accounting for Acquisitions of Interests in Joint Operations)*

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments require the entity to apply all of the principles on business combinations accounting in IFRS 3 "Business Combinations", and other IFRS (that do not conflict with the guidance in IFRS 11), to the extent of its share in a joint operation acquired. The amendments also require certain disclosure. The amendments are effective for annual periods beginning on or after January 1, 2016.

(i) *IAS 16 "Property, Plant and Equipment and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments clarify that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as selling activities and change in sales volumes or prices. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendments are effective for annual periods beginning on or after January 1, 2016.

(j) *IAS 16 "Property, Plant and Equipment and IAS 41 "Agriculture"* - Agriculture: Bearer Plants

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendments are effective for annual periods beginning on or after January 1, 2016.

(k) *IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements*

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. In 2003, the equity method was removed from the options. This amendments remove the only difference between the separate financial statements prepared in accordance with IFRS and those prepared in accordance with the local regulations in certain jurisdictions.

The amendments are effective for annual periods beginning on or after January 1, 2016.

(l) *Improvements to International Financial Reporting Standards (2012-2014 cycle):*

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendments clarify that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendments also require identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendments are effective for annual periods beginning on or after 1 January 2016.

IFRS 7 "Financial Instruments: Disclosures"

The amendments clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and therefore the disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety under IFRS 7 *Financial Instruments: Disclosures* is required. The amendments also clarify that whether the IFRS 7 disclosure related to the offsetting of financial assets and financial liabilities are required to be included in the condensed interim financial report would depend on the requirements under IAS 34 *Interim Financial Reporting.* The amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 19 "Employee Benefits"

The amendments clarify the requirement under IAS 19.83, that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. The amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 34 “Interim Financial Reporting”

The amendments clarify what is meant by “elsewhere in the interim financial report” under IAS 34; the amendments state that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendments are effective for annual periods beginning on or after January 1, 2016.

(m) *Disclosure Initiative - Amendment to IAS 1 “Presentation of Financial Statements”:*

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2016.

(n) *IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities”, and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities: Applying the Consolidation Exception*

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are effective for annual periods beginning on or after January 1, 2016.

The above mentioned standards and interpretations issued by IASB and endorsed by FSC effective starting January 1, 2017. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a), (d)~(f), (l)~(m). All other standards and interpretations have no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by IASB but not yet recognized by FSC at the date of issuance of the Group’s financial statements are listed below.

(a) *IFRS 15 “Revenue from Contracts with Customers”*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

(b) *IFRS 9“Financial Instruments”*

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).
Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that ‘own credit risk’ adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after 1 January 2018.

(c) *IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)*

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" (IFRS 10) and IAS 28 "Investments in Associates and Joint Ventures" (IAS 28), in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

(d) *IFRS 16"Leases"*

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease. The Standard is effective for annual periods beginning on or after 1 January 2019.

(e) *IAS 12"Income Taxes" - Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify how to account for deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after 1 January 2017.

(f) *Disclosure Initiative - Amendment to IAS 7 "Statement of Cash Flows":*

The amendments relate to changes in liabilities arising from financing activities and to require a reconciliation of the carrying amount of liabilities at the beginning and end of the period. The amendments are effective for annual periods beginning on or after 1 January 2017.

(g) *IFRS 15 "Revenue from Contracts with Customers" - Clarifications to IFRS 15*

The amendments clarify how to identify a performance obligation in a contract, determine whether an entity is a principal or an agent, and determine whether the revenue from granting a licence should be recognized at a point in time or over time. The amendments are effective for annual periods beginning on or after 1 January 2018

(h) *IFRS 2 "Shared-Based Payment" - Amendments to IFRS 2*

The amendments contain (1) clarifying that vesting conditions (service and non-market performance conditions), upon which satisfaction of a cash-settled share-based payment transaction is conditional, are not taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, these are taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction, (2) clarifying if tax laws or regulations require the employer to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment, such transactions will be classified in their entirety as equity-settled share-based payment transactions if they would have been so classified in the absence of the net share settlement feature, and (3) clarifying that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date and is recognised in equity, on the modification date, to the extent to which goods or services have been received. The liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date. Any difference between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2018.

(i) *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4*

The amendments help to resolve issues arising from the different effective dates for IFRS 9 "Financial Instruments" (1 January 2018) and the new insurance contracts standard about to be issued by the IASB (still to be decided, but not before 1 January 2020). The amendments allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 "Financial Instruments" before the IASB's new insurance contracts standard becomes effective. The amendments introduce two approaches: an overlay approach and a temporary exemption. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before the new insurance contracts standard is applied. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until 2021 (these entities that defer the application of IFRS 9 will continue to apply IAS 39).

(j) *Transfers of Investment Property - Amendments to IAS 40*

The amendments relate to the transfers of investment property. The amendments clarify that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use, the entity should transfer property into and out of investment property accordingly. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018.

(k) *Improvements to International Financial Reporting Standards (2014-2016 cycle)*:

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendments revise and amend transition requirements relating to certain standards and delete short-term exemptions under Appendix E for first-time adopter. The amendments are effective for annual periods beginning on or after 1 January 2018.

IFRS 12 "Disclosure of Interests in Other Entities"

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after 1 January 2017.

IAS 28"Investments in Associates and Joint Ventures"

The amendments clarify that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and other qualifying entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments" on an investment-by-investment basis. Besides, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after 1 January 2018.

(l) IFRIC 22 "*Foreign Currency Transactions and Advance Consideration*"

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a)~(h), (j)~(l), it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2016 and 2015 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

(3) Basis of consolidation

<u>Preparation principle of consolidated financial statement</u>

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

a. The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	December 31, 2016	December 31, 2015
The Company, Chunghwa Electronics Development Co., Ltd., Green Energy Technology Inc., Chih Sheng Realty Co., Ltd. and Tatung Global Strategy Investment and Trading (BVI) Inc.	Chunghwa Picture Tubes, Ltd. ("CPT")	Manufacture, research and sale of picture tubs and TFT-LCD products	41.25%	24.22%
The Company, Shan-Chih Investment Co., Ltd. and Shan-Chih Asset Development Co.	Tatung System Technologies Inc. ("TSTI")	Software and hardware service and system integration	54.40%	54.40%
The Company, CPT, SCSC and Chunghwa Electronics Development Co., Ltd	Forward Electronics Co., Ltd. ("FD")	Manufacture and sale of electronics	40.75%	40.75%
The Company	Taiwan Telecommunication Industry Company Ltd.	Telecommunication devices.	100.00%	100.00%
The Company and Chunghwa Electronics Development Co., Ltd.	San-Chih Semiconductor Co., Ltd.("SCSC")	Manufacture and sales of semiconductors and chips	58.20%	58.20%
The Company	Central Research Technology Co.	EMCIRF testing and certification services	100.00%	100.00%
The Company	Tatung Consumer Products (Taiwan) Co., Ltd.	Sales of home appliances and digital computer products	99.10%	99.10%
The Company	Tatung SM-Cycle Co.	Manufacture of speed reducers, speed aviators	85.33%	85.33%

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Investor	Subsidiary	Main businesses	December 31, 2016	December 31, 2015
The Company, Chunghwa Electronics Development Co., Ltd. and Chih-Sheng Investment Co., Ltd.	Tatung Fine Chemicals Co., Ltd. ("TFC")	Industrial coatings, electrocution coatings resistor coatings, photo-catalyst, inkjet ink	54.63%	54.63%
The Company	Shan-Chih Asset Development Co. ("SCAD")	Development and leasing of real estate	100.00%	100.00%
The Company, SCAD and Chih Sheng Investment Co., Ltd.	Chunghwa Electronics Development Co., Ltd.	Professional investment holding	99.86%	99.86%
The Company	Tatung DIE Casting Co.	Manufacturing and sales of casting mold	51.00%	51.00%
The Company and Tatung Wire & Cable (Thailand) Co., Ltd.	Tatung (Thailand) Co., Ltd.	Manufacturing and sales of IT products, home appliances and AI meter	100.00%	100.00%
The Company	Tatung Co. of Japan, Inc.	Sales and purchase of electronic parts, home appliances and IT products	100.00%	100.00%
The Company	Tatung Electronics(S) Pte. Ltd.	Purchases, sales and services of raw material	90.00%	90.00%
The Company	Tatung Wire & Cable (Thailand) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
The Company	Tatung Information (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%
The Company	Tatung Electric (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%
The Company	Tatung Co. of America Inc.	Sales and service of IT and household electronics products in the US	50.00%	50.00%
The Company	Tatung Mexico S.A de C.V. ("TMX")	Manufacture of electronic products	100.00%	100.00%
The Company	Tatung Science and Technology, Inc.	Sale and purchase of IT products	100.00%	100.00%
The Company	Tatung Electric Company of America, Inc.	Manufacture and sales of motor products in the U.S.	100.00%	100.00%
The Company	Tatung Netherlands B.V.	Sales of electronic products	100.00%	100.00%
The Company	TATUNG CZECH s.r.o	Manufacture of IT products	100.00%	100.00%
The Company	Tatung Medical Healthcare Technologies Co., Ltd.	Design and sales of medical instruments.	95.08%	95.02%
The Company	Toes Opto-Mechatronics Co.	Manufacture of data storage and process equipment	85.00%	85.00%
The Company	Tatung Vietnam Co., Ltd.	Manufacture and sales of home appliances	100.00%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Investor	Subsidiary	Main businesses	December 31, 2016	December 31, 2015
The Company	Tatung Electric Technology (VN) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
The Company	Chih Sheng Investment Co., Ltd.	Professional investment holding	100.00%	100.00%
The Company and Chunghwa Electronics Development Co., Ltd.	Shan Chih Investment Co., Ltd.	Professional investment holding	100.00%	100.00%
The Company	Tatung Global Strategy Investment and trading (BVI) Inc.	Professional investment holding	100.00%	100.00%
The Company	Absolute Alpha Limited	Professional investment holding	100.00%	100.00%
The Company	Tatung Forever Energy Co., Ltd.	Solar energy related business	98.12%	100.00%
The Company	Leap High Limited	Professional investment holding	65.00%	-
CPT	Giantplus Technology Co., Ltd. (“Giantplus”)	Research, development, production and sales of LCD.	53.67%	53.67%
CPT	Chunghwa Picture Tubes (Bermuda) Ltd. (“CPTB”)	Investment holding and sales of TFT-LCD	100.00%	100.00%
The Company, CPT and CPTB	Chunghwa Picture Tubes (Labuan) Ltd. (“CPTL”)	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPTB and CPTL	Chunghwa Picture Tubes Technology (Group) Co., Ltd. (“CPTTG”)	Research, design, manufacturing, sales and service of flat-panel display device, monitor display model and components	30.42%	67.49%
CPTB	Dalemont Investment Ltd.	Professional investment holding	100.00%	100.00%
CPTB	Daliant Investment Ltd.	Professional investment holding	100.00%	100.00%
CPTB	Bangalor Investment Ltd.	Professional investment holding	100.00%	100.00%
CPTB	Bensaline Investment Ltd.	Professional investment holding	100.00%	100.00%
CPTB	New Kingston Enterprises Limited (“NKEL”)	Professional investment holding	100.00%	100.00%
CPTB, CPTL,CPTM and CPTTG	Chunghwa Picture Tubes (Wujiang) Ltd. (“CPTW”)	Assembly final module of TFT-LCD	100.00%	100.00%
CPTB, CPTL and CPTTG	Chunghwa Pictures Display Technology (Fujian) Ltd.(“FDT”)	Assembly final module of TFT-LCD	100.00%	100.00%
CPTB, CPTL and CPTTG	CPTF Optronics Co., Ltd.	Assembly final module of TFT-LCD	100.00%	100.00%
CPTB	Chunghwa Picture Tubes (Malaysia) Sdn. Bhd. (“CPTM”)	Manufacture and sale of CRT	100.00%	100.00%
CPTF Optronics Co., Ltd., NKEL, and Forward Development Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd.(“FVD”)	Manufacture components of TFT-LCD	100.00%	100.00%
CPTF Optronics Co., Ltd.	Huallar Optronics (Fuzhou) Co. Ltd.	Manufacture components of TFT-LCD	51.00%	51.00%

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Investor	Subsidiary	Main businesses	December 31, 2016	December 31, 2015
CPTTG	Chunghwa PictureTubes Technology (Labuan) Ltd	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPTTG	Fuzhou YingYuan Equity Investment Management Co., Ltd.	Professional investment holding	100.00%	100.00%
CPTTG	Vibrant Display Technology CO., Ltd.	R&D, design and manufacture components of TFT-LCD	100.00%	100.00%
CPTB and CPTTG	CPT TPV Optical (Fujian) Co., Ltd.	Manufacture components of TFT-LCD	80.00%	80.00%
CPTB	CPTF Optronics (Shen-Zhen) Co., Ltd.	Sales and service of flat-panel display	100.00%	100.00%
CPTTG, CPTF Optronics Co., Ltd., and Goldmax Asia Pacific Ltd	Kornerstone Materials Technology Co. Ltd.	R&D, design and manufacture components of TFT-LCD	100.00%	100.00%
Kornerstone Materials Technology Co. Ltd.	DDD3Empire	Manufacture, research and sales of optical glass	55.00%	-
CPTF Optronics Co., Ltd	CPTF Optronics (HK) Co., Ltd.	Sales of TFT-LCD	100.00%	100.00%
Giantplus Technology Co., Ltd.	Giantplus (Samoa) Holding Co., Ltd.	Investment	100.00%	100.00%
Giantplus Technology Co., Ltd.	Hsh Heng Investment Co., Ltd.	Investment	100.00%	100.00%
Giantplus (Samoa) Holding Co., Ltd.	Giantplus Holding L.L.C	Investment	100.00%	100.00%
Giantplus Holding L.L.C	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Manufacture components of LCD display	100.00%	100.00%
Giantplus Holding L.L.C	Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Manufacture components of LCD display	100.00%	100.00%
Giantplus Holding L.L.C	Kunshan Giantplus Optronics Display Technology Co., Ltd	Sales of touch panel	100.00%	100.00%
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	Investment holding	100.00%	100.00%
Forward Electronics Co., Ltd., Green Energy Technology Inc. and Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Manufacture and sale of solar module and related component	45.82%	45.82%
Forward Development Co., Ltd.	Forward Electronics Equipment (Dong Guan) Co., Ltd	Manufacture and sale of tuner, keyboard, mouse, remote controller, switch, socket and potentiometer.	100.00%	100.00%
Forward Development Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	Manufacture and sale of backlight unit for TFT-LCD, driving board, tuner, keyboard, mouse, switch, socket and connector.	100.00%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Investor	Subsidiary	Main businesses	December 31, 2016	December 31, 2015
SCSC , Shan Chih Investment Co., Ltd .and SCAD , Chih Sheng Investment Co., Ltd.	Green Energy Technology Inc. (“GET”)	Manufacture and sales of electronic parts and devices.	36.22%	36.57%
SCSC	Greater Power Limited	Investment holding	100.00%	100.00%
SCSC	Chih De Investment Co., Ltd.	Investment holding	100.00%	100.00%
GET	Energy Well International Limited	Investment holding	100.00%	100.00%
GET	Green Energy Global Investment	Investment holding	100.00%	100.00%
Greater Power Limited and Energy Well International Limited	Ultra Energy Holdings Limited	Investment holding	100.00%	100.00%
Energy Well International Limited	Golden Sunny Limited	Investment holding	100.00%	100.00%
Ultra Energy Holdings Limited	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar silicon wafer slicing.	100.00%	100.00%
TFC	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sale of industry coating and electro-deposition coating.	100.00%	100.00%
TFC	Huaian Tatung Advanced Technology Materials Co., Ltd.	Manufacture and sale of positive material of lithium battery, printer ink, electro-deposition high performance coating.	100.00%	100.00%
TFC	Shang Chih International Chemical Industry Co., Ltd.	Investment holding	100.00%	100.00%
TFC	Wujiang Shang Huah Plastic Co., Ltd.	ABS plastic, color dyes	100.00%	100.00%
Shang Chih International Chemical Industry Co., Ltd.	Wujiang Shanghua Material Technology Co., Ltd	Manufacture and sale of ABS plastic.	100.00%	100.00%
Shang Chih International Chemical Industry Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Wholesale of painting, coating and chemical products.	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Manufacture and sales of TV, monitor and PCs.	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd.	Tatung Wire And Cable Technology (Wujiang) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd. and Shan-Chih International Holding Corporation	Tatung Compressors (ZHONGSHAN) Co., Ltd.	Manufacture and sales of reciprocating compressors.	100.00%	100.00%
Tatung Electric (Singapore) Pte. Ltd. and Shan-Chih International Holding	Tatung (Shanghai) Co., Ltd	Manufacture and sales of motors, generators, diesel engine	100.00%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Investor	Subsidiary	Main businesses	December 31, 2016	December 31, 2015
Corporation		generators, variable speed motors, inverters and PLCs, transformers and switchboards.		
TMX	TMX Logistics, Inc.	Hub service	100.00%	100.00%
TMX	TMX Technologies Inc.	Technologies & business development	100.00%	100.00%
Shan Chin Investment Co. Ltd	Shan-Chih International Holding Corporation	Investment holding	100.00%	100.00%
Shan-Chih International Holding Corporation	Shan-Chih Wire&Cable Technology (Wujiang) Co. , Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
TSTI	Chyun Huei Business Technology Inc.	Information software Service	100.00%	100.00%
TSTI	Tatung System Technologies Holding Ltd.	Investment holding	100.00%	100.00%
TSTI	Tisnet Technology Inc.	Software design and development	100.00%	100.00%
Tatung System Technologies Holding Ltd.	TSTI Technologies (Shanghai) Co., Ltd.	Information software Service	94.00%	94.00%
Chih Sheng Investment Co., Ltd.	Chih Sheng Investment (BVI)	Investment holding	100.00%	100.00%
Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co., Ltd.	Produce, food retail and wholesale industry	52.17%	52.17%
Chih Sheng Investment (BVI) Co., Ltd	Chih Sheng Holding Co., Ltd.	Investment holding	100.00%	100.00%
Chih Sheng Holding Co., Ltd.	Goldmax Asia Pacific Ltd	Investment holding	51.26%	51.26%
Chih Sheng Holding Co., Ltd.	Chih Sheng Holding HK Limited	Investment holding	100.00%	100.00%
Absolute Alpha Limited	Tatung Information Technologies Corp.	Sales of electronic products	100.00%	100.00%
Chih Sheng Holding HK Limited	Wu-jiang Tatung Electronics Trading Co. LTD	Sales of information products	100.00%	100.00%
Shan-Chih Asset Development Co. and Taipei Industry Corporation	Tatung Forestry and Construction Co.	Design and construction of structural engineering.	99.87%	99.87%
Shan-Chih Asset Development Co.	Taipei Industry Corporation	Production and sales of mixing concrete.	50.61%	50.61%
Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	Realty management	100.00%	100.00%
Shan-Chih Asset Development Co.	Shan-Chih Asset International Holding Corporation	Investment Holding	100.00%	100.00%
Shan-Chih Asset International Holding Corporation	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	100.00%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Investor	Subsidiary	Main businesses	December 31, 2016	December 31, 2015
Shan-Chih Asset International Holding Corporation	Shan-Chih Asset International (Hong Kong) Holding Limited	Realty and Leasing Service	100.00%	100.00%
Shan-Chih Asset International (Hong Kong) Holding Limited	Suqian Zhiwei Real Estate Co., Ltd.	Realty management	100.00%	100.00%
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Battery Material Retail	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd., and Tatung (Thailand) Co., Ltd.	Myanmar Tatung Co., Ltd.	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	100.00%	-
Tatung Information (Singapore) Pte. Ltd.	Tatung Myanmar JV Holding Co., Ltd.	Investment Holding	100.00%	-

The Company increased its shareholding in CPT by 17.03% as a result of the legal action against Compal Electronics, Inc. Refer to Note 9.5(6) for further details.

Tatung Medical Healthcare Technologies Co., Ltd. held a capital injection in August 2016. The Company subscribed to the shares proportionately and thus its holding percentage increased to 95.08%

Tatung Forever Energy Co., Ltd. held a capital injection in January 2016, but the Group did not subscribe the shares, and thus the Company's holding percentage decreased to 98.12%.

In March 2016, the Company signed a share purchase agreement with CPT to purchase 41.03% of the total shares of Chunghwa Picture Tubes (Labuan) Ltd., totaling 8,000 thousand shares and the transaction amounted to NTD 968,560 thousand. The settlement date was June 30, 2016. The transfer did not affect the controlling power of the Group over CPTL, and thus CPTL is still a subsidiary.

On September 14, 2016, CPTTG held a capital injection amounting to RMB 10,000,000 thousand, less the issuance cost of RMB 87,799 thousand, the actual proceeds of the capital injection was RMB 9,912,201 thousand. The Group did not subscribe the shares, and thus the direct plus indirect holding percentage of CPTL and CPTB towards CPTTG decreased from 67.49% to 30.42%.

In September, 2016, Kornerstone Materials Technology Co. Ltd. and Guanhe Optical Glass Ltd. located in Dong Guan invested and established DDD3Empire Co. Ltd., jointly. Kornerstone Materials Technology Co. Ltd. provided capital of RMB 8,250 thousand, accounting for 55% holding shares of the capital of DDD3Empire Co. Ltd..

The Group sold partial shares of GET in the first quarter of 2016. As of the balance sheet date, the holding percentage was 36.22%.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The Group established Myanmar Tatung Co., Ltd. with USD 125,100 in June 2016, holding 100% of the shares.

The Group established Tatung Myanmar JV Holding Co., Ltd. with USD 150,000 in January 2016, holding 100% of the shares.

The Company invested USD 300 thousand in November 2016 to establish Leap High Ltd., holding 65% of its shares.

The Group invested NTD 60,000 thousand in September 2015 to establish Sheng Yang Energy Co., Ltd. Sheng Yang held a capital injection amounted to NTD 40,000 thousand and the Group holds 100% of its shares.

b. Although the percentages of ownership interests in some companies, such as CPT, FD, GET, CPTTG, Gintung Energy Co., Ltd., are less than 50%, the Group determined that it has control over these companies. This is due to a combination of factors including the fact that the Group has been the single largest shareholder of these companies since the inception of the investment; the remaining shareholding of other shareholders is dispersed; in the absence of contractual arrangement, the Group could obtain proxies to achieve relative majority and the Group is able to appoint or approve the key management personnel of these companies who have the ability to direct the relevant activities.

c. Subsidiaries that are not included in the consolidated financial statement are as follows:

			Percentage of ownership	
Investor	Subsidiary	Business nature	December 31, 2016	December 31, 2015
The Company, Shan-Chih Asset Development Co., Tatung Forestry and Construction Co. and Tatung Fine Chemicals Co., Ltd.	Hsieh Chih Industrial Library Publishing Co.	The publishing and sales of Hsieh Chih Industrial Library	98.80%	98.80%
The Company	Lansong International Co., Ltd	Forestry	98.33%	98.33%

All the above subsidiaries were of insignificant percentage to the Company's total assets and operating revenue and therefore not consolidated by the Company.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NTD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured by the functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated by the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated by the exchange rates at the dates of its initial transactions.

All exchange differences arising from the settlement or translation of monetary items are taken into profit or loss in the period which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset. If the differences are regarded as an adjustment to interest costs, which will be capitalize and take as part of the cost of the borrowing.

(b) Foreign currency items within the scope of IAS 39 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign entities are translated into NTD at the closing exchange rate at the balance sheet date. Income and expenses are translated at an average rate within the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The following are accounted for as disposals even if an interest in the foreign operation is retained by the Group: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets

The Group accounts for regular may purchase or sales of financial assets on the trade date.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at the initial recognition.

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if:

j it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
k on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
l it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

j it eliminates or significantly reduces a measurement or recognition inconsistency; or
k a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment). If financial assets do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

<u>Available-for-sale financial assets</u>

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets that quoted without active market and with fixed or determinable amounts. Moreover, the following conditions must be met: the initial recognition not designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or bond investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

j significant financial difficulty of the issuer or obligor; or
k a breach of contract, such as a default or delinquency in interest or principal payments; or
l it becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
m the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

j The rights to receive cash flows from the asset have expired;
k The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred;
l The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Once the financial asset are derecognized entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

(b) Financial liabilities and equity

Classification between liabilities and equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IAS 39 Financial Instruments: Recognition and Measurement.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

<u>Financial liabilities</u>

Financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

j it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
k on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
l it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

j it eliminates or significantly reduces a measurement or recognition inconsistency; or
k a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss, including interest paid, are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative financial instrument

The Group uses derivative financial instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – purchase cost on weighted average cost formula.

Work in progress and finished goods – cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity on weighted average cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(12) Construction contract

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The recognition of revenue and expenses by reference to the stage of completion of a contract is often referred to as the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

When the outcome of a construction contract cannot be estimated reliably, revenue shall be recognized only to the extent of contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognized as an expense immediately.

(13) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(14) Investments under equity method

The Group’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group’s percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 39 Financial Instruments: Recognition and Measurement. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate or join venture and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(15) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～50 year
Machinery and equipment	1～35 year
Transportation equipment	2～10 year
Office equipment	2～10 year
Leased assets	3～50 year
Leasehold improvements	The shorter of lease terms or economic useful lives
Other equipment	2～10 year

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(16) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30～50 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Assets are transferred to or from investment properties when there is a change in use.

(17) Leases

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental revenue generated from operating lease is recognized over the lease term using the straight line method. Contingent rents are recognized as revenue in the period in which they are earned.

(18) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is disposed.

<u>Research and development costs</u>

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
(b) Its intention to complete and its ability to use or sell the asset
(c) How the asset will generate future economic benefits
(d) The availability of resources to complete the asset
(e) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Patents

The patent is amortized over the period of useful life.

Technology cooperation costs

Technical cooperation costs have been granted the use of right 3 to 10 years depending on different project.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Patents	Technology Cooperation Costs	Computer software
Useful lives	Finite	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the period of the patent	Amortized on a straight-line basis over the period of the technology cooperation terms	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(19) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(20) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

<u>Provision for decommissioning, restoration and rehabilitation costs</u>

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Maintenance warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

Sales returns and allowances

A provision has been recognized for sales returns and allowances based on past experience and other known factors.

(21) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(22) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(a) the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from Information systems integration services is recognized by reference to the stage of completion. Stage of completion is measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

Rent Income

Rental income from operating lease is accounted by straight-line basis on the period of lease.

(23) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(24) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(25) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(26) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(27) Income taxes

Income tax expense (benefit) is the aggregate amount of current and deferred taxes which included in the determination of current profit or loss.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

<u>Deferred tax</u>

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(28) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 Financial Instruments: Recognition and Measurement either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 10% of the total property.

(b) Operating lease commitment-Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(c) De facto control without a majority of the voting rights in subsidiaries

The Company does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread is the remaining shareholding, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Please refer to Note 6 for more details.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases. Please refer to Note 6 for more details.

(d) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees based on reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(e) Provisions

Legal Provisions

The Group regularly estimates the legal costs according to historical experience. If the obligation is highly likely to occur and the amount can be reasonably estimated, the Group recognizes related provisions for the legal matters. Please refer to Note 6.

(f) Revenue recognition - sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. Please refer to Note 6.

(g) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details on unrecognized deferred tax assets as of December 31, 2016.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2016	2015
Cash on hand & petty cash	$546,196	$390,197
Cash in banks	41,268,356	24,804,170
Time deposits	854,811	1,931,403
Cash in transit	17,889	5,688
Total	$42,687,252	$27,131,458

(2) Financial assets at fair value through profit or loss

	As of December 31,	
	2016	2015
Held for trading:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	$13,006	$26,235
Non-derivative financial assets		
Capital-guaranteed financial products	17,230,231	404,398
Open-end funds	18,859	104,337
Stocks (Note)	537	1,827,536
Subtotal	17,249,627	2,336,271
Total	$17,262,633	$2,362,506
Current	$17,262,633	$2,362,506
Non-current	-	-
Total	$17,262,633	$2,362,506

(Note: Please refer to Note 6 (20) for more details)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

CPTTG and Vibrant Display Technology CO., Ltd., subsidiaries of the Group, purchased QianYuan--ZhouZhouLi" Open-ended and principal guaranteed wealth management product amounting to NTD 10,227,756 thousand, QIANYUAN principal-guaranteed RMB investment product amounting to NTD 3,719,184 thousand and QianYuan--ZhouZhouLi" Open-ended and principal guaranteed wealth management product amounting to NTD 2,324,490 thousand from China Construction Bank for short-term investment on October 31, 2016 and November 8 ,2016.

Please refer to Note 8 for more details on financial assets at fair value through profit or loss under pledge.

(3) Available-for-sale financial assets

	As of December 31,	
	2016	2015
Stocks	$1,416,032	$3,824,051
Current	$390,711	$394,114
Non-current	1,025,321	3,429,937
Total	$1,416,032	$3,824,051

(a) CPTF Optronics Co., Ltd. signed a stock transfer agreement with Jia-Xing-Rong-Ren Investment Management LP (“Jia-Xing-Rong-Ren”) to transfer all the holding shares of Xiamen Overseas Chinese Electronic Co., Ltd. (“XOCE”) in the amount of 62,783,960 shares, amounting to RMB 778,527 thousand. As of December 31, 2016, an outstanding amount of RMB 164,000 thousand to be collected was recorded as other receivables.

(b) Please refer to Attachment 3 of Note 13 and Note 8 for more details on available-for-sale financial assets under pledge.

(4) Held-to-maturity financial assets

	As of December 31,	
	2016	2015
Bonds	$20,000	$20,000
Current	$20,000	$20,000
Non-current	-	-
Total	$20,000	$20,000

Held-to-maturity financial assets were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(5) Financial assets measured at cost

	As of December 31,	
Available-for-sale	2016	2015
Stocks	$437,521	$358,549
Current	$29,238	$29,238
Non-current	408,283	329,311
Total	$437,521	$358,549

Financial assets measured at cost were not pledged. Please refer to Attachment 3 of Note 13 for the breakdown.

The above investments in the equity instruments of unlisted entities are measured at cost as the fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for that investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.

(6) Debt instrument investments for which no active market exists

	As of December 31,	
	2016	2015
Cash in banks-reserve accounts	$3,873,131	$844,089
Time deposits (Note)	23,112,721	21,083,317
Total	$26,985,852	$21,927,406
Current	$24,057,035	$18,144,386
Non-current	2,928,817	3,783,020
Total	$26,985,852	$21,927,406

Please refer to Note 8 for more details on debt instrument investments for which no active market exists that were pledged as collateral.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Note: Chunghwa Electronics Development Co., Ltd. transferred its shares of CPT to Credit Suisse in January 2010 and acquired proceeds of NTD 1,047,800 thousand, which was recognized in other current liabilities – other. The Group then pledged the above amount to Credit Suisse, which was recognized in bonds investments for which no active market exists – current. The Group guaranteed to buy-back the above shares in a certain period. The above transactions had remained unchanged as of December 31, 2016 and 2015.

(7) Notes receivables

	As of December 31,	
	2016	2015
Notes receivables arising from operating activities	$547,991	$644,968
Less: allowance for doubtful debts	(52)	(43)
Subtotal	$547,939	$644,925

Notes receivables were not pledged.

(8) Accounts receivable and Accounts receivable-related parties

	As of December 31,	
	2016	2015
Accounts receivable	$8,835,249	$11,656,116
Less: allowance for doubtful debts	(1,075,804)	(859,477)
Allowance for sales returns and discounts	(16,394)	(23,248)
Net	7,743,051	10,773,391
Installment accounts receivable	528,107	576,049
Less: allowance for doubtful debts	-	-
Unrealized interest revenue - trade receivables from installment sales	(2,476)	(3,777)
Net	525,631	572,272
Subtotal	8,268,682	11,345,663
Accounts receivable-related parties	23,568	81,216
Less: allowance for doubtful debts	(913)	(913)
Net	22,655	80,303
Total	$8,291,337	$11,425,966

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The expected recovery of the accounts receivables from installment sales is as follows:

	As of December 31,	
	2016	2015
Not later than one year	$283,417	$221,123
Later than one year and not later than two years	181,161	182,870
Later than two years	63,529	172,056
Total	$528,107	$576,049

Due to the contracts of accounts receivable factoring with recourse, account receivables amounting to NTD 5,661 thousand and NTD 18,873 thousand were pledged as collateral as of December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015, the Group had signed non-recourse accounts receivable purchase agreement with the bank and had offered USD 1,000 thousand and USD 2,000 thousand as secured promissory notes (Note).

(Note: Guarantee for future business disputes)

Please refer to Note 8 for pledged trade receivables.

The Group's credit terms are generally 30-180 day. The movements in the provision for impairment of accounts receivable and accounts receivable-related parties are as follows:

	Individually impaired	Collectively impaired	Total
As of January 1, 2016	$706,954	$153,436	$860,390
Charge (reversal) for the current period	79,060	160,245	239,305
Write off	(7,840)	(1,272)	(9,112)
Effect of exchange rate changes	(4,754)	(8,032)	(12,786)
Reclassify to non-current assets held for sale	(1,080)	-	(1,080)
As of December 31, 2016	$772,340	$304,377	$1,076,717

	Individually impaired	Collectively impaired	Total
As of January 1, 2015	$843,310	$24,489	$867,799
Charge (reversal) for the current period	(129,735)	131,256	1,521
Write off	(5,906)	(7,919)	(13,825)
Other	45	6,712	6,757
Effect of exchange rate changes	(760)	(1,102)	(1,862)
As of December 31, 2015	$706,954	$153,436	$860,390

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Impairment loss, that was individually determined for the years ended December 31, 2016 and 2015, arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Group did not hold any collateral for such trade receivables.

Aging analysis of account receivables and account receivables-related parties that were past due as at the balance sheet date but not impaired is as follows:

As of	Neither past due nor impaired	Past due but not impaired: 1 to 6 months	6 months to 1 year	More than 1 year	Total
December 31, 2016	$6,916,933	$1,252,370	$87,729	$34,305	$8,291,337
December 31, 2015	10,267,833	1,107,785	19,327	31,021	11,425,966

(9) Construction receivables

	As of December 31, 2016	2015
Accumulated cost incurred	$2,545,494	$3,755,603
Accumulated recognized project profit (loss)	100,564	229,176
Accumulated billed amounts based on construction progress	(2,472,184)	(3,600,196)
Construction receivables	$173,874	$384,583

<u>As of December 31, 2016</u>

Items (Note 1)	Contract proceeds	Contract costs incurred	Accumulated recognized total project profit(loss)	Percentage of completion (Note 2)	Amounts billed based on Construction progress	Construction contracts receivable
Percentage of completion method						
Category A	$44,443	$36,233	$5,967	91%~100%	$34,141	$8,059
Category B	96,855	79,563	8,386	0%~100%	48,974	38,975
Category C	3,580,435	2,397,251	84,516	1%~100%	2,354,927	126,840
Category D	986,738	32,447	1,695	0%~15%	34,142	-
Total	$4,708,471	$2,545,494	$100,564		$2,472,184	$173,874

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

As of December 31, 2015

Items (Note 1)	Contract proceeds	Contract costs incurred	Accumulated recognized total project profit(loss)	Percentage of completion (Note 2)	Amounts billed based on construction progress	Construction contracts receivable
Percentage of completion method						
Category A	$82,700	$67,012	$7,045	25%~100%	$52,703	$21,354
Category B	174,979	136,933	9,905	0%~100%	42,760	104,078
Category C	5,322,993	3,551,658	212,226	0%~100%	3,504,733	259,151
Total	$5,580,672	$3,755,603	$229,176		$3,600,196	$384,583

(Note 1: Projects involving similar products have been combined as a single item.)

(Note 2: The percentage of completion varied in each project, it is therefore presented as a range.)

As of December 31, 2016 and 2015, the above construction projects had not generated construction retainage of construction contracts.

(10) Inventory

(a) The details of inventories are as follows:

	As of December 31, 2016	As of December 31, 2015
Raw materials	$1,981,846	$3,529,820
Work in progress	3,730,732	4,226,182
Finished good	6,663,162	7,476,755
Inventories in transit	217,404	103,722
Buildings and land held for sale	491,302	518,564
Property under construction	3,371,569	2,801,880
Property used for construction	477,705	451,865
Total	$16,933,720	$19,108,788

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(b) Property under construction:

Name of developing projects	As of December 31, 2016	As of December 31, 2015
Project D	$1,978,654	$1,202,129
Project F1	1,392,915	1,599,751
Total	$3,371,569	$2,801,880

December 31, 2016

Projects	Total value of contract	Total estimated costs	Completed percentage	Scheduled year of completion	Advanced receipts
Project D	$7,990,540	$4,767,753	24.92%	107	$1,251,189

According to domestic regulations, the installments of advance receipts from buyers should be deposited in the trust accounts and be used following construction progress. As of December 31, 2016, the above advance receipts were deposited in the trust accounts and recognized as other current assets – other financial assets.

Project F1 has not yet started preselling as of December 31, 2016.

(c) The cost of inventories recognized in expenses amounted to NTD 63,517,071thousand and NTD 75,628,163 thousand, including the gain from price recovery of inventory amounted to NTD 909,219 thousand and NTD 675,181 thousand for the years ended December 31, 2016 and 2015, respectively.

The gain from price recovery of inventory was resulted from continuously selling the inferior inventories and fair value of partial inventories was recovered, which led to the vanishment of the cause of the net realizable value of inventory to be lower than the cost.

(d) Please refer to Note 8 for pledged inventories.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(11) Non-current assets held for sale and Disposal groups held for sale

Non-current assets held for sale

	As of December 31, 2016	As of December 31, 2015
Property, Plant and Equipment	$1,490,765	$-
Assets of Discontinued Operations	11,733,630	-
Shares	-	207,235
	$13,224,395	$207,235

(a) Details of Property, Plant and Equipment are as follows:

	December 31, 2016
Land	$1,186,922
Buildings, net	188,581
Other equipment, net	36,740
Machinery and equipment	78,522
Total	$1,490,765

Major property, plant and equipment mentioned above were lands, buildings and equipment of CPT, a subsidiary of the Group. The lands, buildings and equipment were located in Bade Taoyuan. CPT has decided to dispose of the aforementioned property, plants and equipment to its subsidiary Giantplus in accordance with the resolution of the board of directors on November 25, 2016. Since the Group planned to dispose of the shares of Giantplus afterwards, the related assets have been classified as non-current assets held for sale.

(b) On November 24, 2016, the board of directors of CPT, a subsidiary of the Group, has resolved to sell all of its shares held in Giantplus to Ortus Technology Co., Ltd, a Japanese corporation. The transaction met the criteria of IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” and thus the related assets were reclassified as held for sale, after deducting an impairment loss of NTD 148,641 thousand and was reported separately in the consolidated balance sheets. In addition, since the disposal group held for sale met the criteria of discontinued operations, and thus the profit or loss from discontinued operations was reported separately as one line item in the statements of consolidated comprehensive income. The analysis of the amounts and the cash flow information were disclosed below.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The assets, liabilities and equity related to the discontinued operations mentioned above are listed as follows:

	December 31, 2016
Cash and cash equivalents	$3,834,148
Debt instrument investments for which no active market exists, current	40,740
Accounts receivable, net	1,840,543
Other receivables	140,379
Inventory	680,804
Prepayments	140,687
Property, plant and equipment	4,834,315
Intangible assets	162,864
Deferred tax asset	25,476
Other non-current assets	182,315
Non-current assets held for sale	11,882,271
Accumulated impairment-non-current held for sale assets	(148,641)
Non-current assets classified as held for sale	$11,733,630

	December 31, 2016
Accounts payable	$1,587,936
Other payables	1,294,906
Other payables-related party	2,035
Current income tax liabilities	84,538
Advance receipts	144,900
Current portion of long-term loans	516,151
Other current liabilities-other	6,367
Long-term loans	650,884
Defined benefit obligation-non-current	44,030
Deposit-in	7,285
Liabilities related to non-current assets classified as held for sale	$4,339,032

Equity related to non-current assets classified as held for sale	
Attributable to parent company	$(26,698)
Attributable to NCI	(88,728)
Total	$(115,426)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Profit or loss and cash flow related to said discontinued operations:

	2016	2015
Profit or loss of discontinued operations		
Sales revenue	$11,683,609	$10,839,306
Cost of sales	(9,951,502)	(9,617,310)
Gross margin	1,732,107	1,221,996
Operating expenses	(1,147,798)	(1,051,268)
Operating income	584,309	170,728
Non-operating income and expense	94,854	283,895
Income before income tax	679,163	454,623
Income tax expense	(46,900)	(7,386)
Subtotal	632,263	447,237
Intercompany eliminations	(665,911)	(30,719)
Profit or loss from discontinuing operations	$(33,648)	$416,518
Cash flow from discontinued operations		
Net cash provided by operating activities	$2,014,229	$1,351,061
Net cash used in investing activities	(967,028)	(1,427,415)
Net cash (used in) generated from financing activities	(1,260,866)	1,273,172
Effects of exchange rate changes on cash and cash equivalents	(89,049)	(25,864)
Net (decrease) increase of cash and cash equivalents	$(302,714)	$1,170,954

(c) On March 31, 2016, the board of directors of the FD Group resolved to sell the land and plant located in Kaohsiung and then to lease back certain part of the property, plant and equipment for three years. The transaction was settled on September 1, 2016 and the selling price was NTD 550,000 thousand. Gain on disposal of property, plant and equipment of NTD 354,387 thousand was recognized in 2016.

(d) On October 1, 2015, Green Energy Technology Inc. (“GET”) entered into an equity transfer agreement with a joint venture partnership in Thailand. GET planned to sell 50% of Green Energy Technology Holding Co., Ltd. shares to the joint venture partnership. The selling price was THB 130,000 thousand (equivalent to NTD 118,705 thousand), which was less than the book value of NTD 129,651 thousand. Thus, an impairment loss of NTD 10,946 thousand was recognized and the remaining balance of NTD 118,705 thousand was reclassified to non-current assets held for sale from investment under equity method. The assets were later disposed of in January 2016, and the loss on disposal was NTD 4,305 thousand.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(e) Taiwan Telecommunication Industry Company Ltd, a subsidiary of the Group, sold all of its shares in Taiwan Telecommunication Investments Limited to a non-related party, Sunway Information Technology Company Limited. The selling price was USD 2,650 thousand and the share transfer was completed in the first quarter of 2016. According to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Group reclassified the net amount of NTD 86,986 thousand to non-current assets held for sale after deducting the impairment loss of NTD 24,871 thousand from the carrying value of its subsidiaries, Taiwan Telecommunication (Fujian) Company Ltd. and Shan Chih (Hong Kong) Co., Ltd.

(12) Investments under equity method

(a) The following table lists the investments under equity method of the Group:

	As of December 31,			
	2016		2015	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Listed companies				
Elitegroup Computer Systems Co., Ltd.	$3,846,228	27.35	$4,543,168	27.35
Unlisted companies				
Tatung Okuma Co., Ltd.	1,074,358	49.00	956,486	49.00
Kuender Co., Ltd.	142,461	50.00	439,824	50.00
Hsieh-Chih Industrial Library Publishing Co.	13,138	98.80	12,715	98.80
Chung-Tai Technology Development Engineering Co.	14,162	22.00	14,646	22.00
Lansong International Co., Ltd.	-	98.33	-	98.23
Tatung Cranes (Shanghai) Co., Ltd	27,657	45.00	30,777	45.00
Taiwan Nissei Display System Co., Ltd	37,748	20.00	46,637	20.00
Ufeco (Wujiang) Technology Inc.	20,932	40.00	34,288	40.00
Nature Worldwide Technology Corp. (Note 1)	(19,970)	85.36	(19,970)	85.36
D&Y Intelligent Co., Ltd. (Note 2)	-	-	-	23.27
Yunbao Co., Ltd	1,810	40.00	1,999	40.00
Subtotal	1,312,296		1,517,402	
Jointly Controlled Entity:				
Panshiyiyuant Mgmt. Investment (Fuzhou) Co. (Note 3)	485,029	50.00	505,498	50.00
LIN HTET LIN COMPANY LIMITED (Note 4)	4,691	49.00	-	-
Net of long-term investments accounted for under equity method	5,648,244		6,566,068	
Add: Long-term equity investments, credit balance	19,970		19,970	
Total	$5,668,214		$6,586,038	

Note 1: San Chih Investment Co., Ltd., the subsidiary of the Company, did not intend to support Nature Worldwide Technology Corp. from April 2010. Nature Worldwide Technology Corp. was still under liquidation process as of December 31, 2016.

Note 2: D&Y Intelligent Co., Ltd. shares were held by Giantplus Technology Co., Ltd. In 2016, Giantplus Technology Co., Ltd. and its subsidiaries were reclassified as held for sale. Therefore, the related equity investments were disclosed under discontinued operations.

Note 3: Panshiyiyuant Mgmt. Investment (Fuzhou) Co. is a limited partnership co-founded by Fuzhou YingYuan Equity Investment Management Co., Ltd., CPTF Optronics Co., Ltd. and ZhongHengYiYuan Co. Its business scope includes consulting services of non-security investments and security related investments. Fuzhou YingYuan Equity Investment Management Co., Ltd. and CPTF Optronics Co., Ltd. invested RMB 10,000 thousand and RMB 90,000 thousand from their own funds, respectively. ZhongHengYiYuan Co. invested RMB 100,000 from its own funds or from funds of specific investors. There were five members in the investment decision committee, consisting of 3 members assigned by the CPT group and 2 members assigned by ZhongHengYiYuan Co. All decisions must be agreed by two thirds of the committee members, and ZhongHengYiYuan Co. has one veto vote. Therefore, PanShiYiYuan Mgmt. Investment (Fuzhou) Co. is a joint venture controlled by the CPT group and ZhongHengYiYuan Co.

Note 4: In May 2016, Tatung Myanmar JV Holding Co., Ltd. established LIN HTET LIN COMPANY LIMITETD as a joint venture with a local company in Myanmar. The major business is solar energy system.

(b) Investments in associates:

j Information on the material associate of the Group:

Company name: Elitegroup Computer Systems Co., Ltd.

Nature of the relationship with the associate: Elitegroup Computer Systems Co., Ltd. is engaged in manufacturing and selling related products in the Group’s industry chain. The Group invested in Elitegroup Computer Systems Co., Ltd. for the purpose of upstream/downstream integration.

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Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: Elitegroup Computer Systems Co., Ltd. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Elitegroup Computer Systems Co., Ltd. was NTD2,378,616 thousand and NTD3,087,627 thousand, as of 31 December 2016 and 2015, respectively.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

The summarized financial information of the associate is as follows:

	As of December 31,	
	2016	2015
Current assets	$16,383,504	$19,240,314
Non-current assets	7,001,020	7,003,961
Current liabilities	(10,710,784)	(11,158,840)
Non-current liabilities	(698,150)	(631,634)
Equity	11,975,590	14,453,801
Proportion of the Group's ownership	27.35%	27.35%
Subtotal	3,275,324	3,953,115
Goodwill	614,638	614,638
Other adjustments	(43,734)	(24,585)
Carrying amount of the investment	$3,846,228	$4,543,168

	For the years ended December 31,	
	2016	2015
Operating revenue	$29,945,931	$48,386,567
Profit from continuing operations	(878,808)	1,111,205
Other comprehensive income, net of income tax	(484,597)	(95,198)
Total comprehensive income	(1,363,405)	1,016,007

k Except the associate mentioned above, other associates were not individually material. The aggregate carrying amount of the Group's interests in other associates was NTD 1,312,296 thousand. The aggregate financial information based on Group's share of other associates is as follows:

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

	For the years ended December 31,	
	2016	2015
Profit or loss from continuing operations	$47,221	$72,031
Other comprehensive income (post-tax)	2,173	-
Total comprehensive income	49,394	72,031

l The associates had no contingent liabilities or capital commitments as of December 31, 2016 and 2015, nor did the associates provide collaterals.

m Please refer to Note 8 for more details on the investments in associates pledged as collateral of the Group.

(c) Investments in jointly controlled entities

Investments in jointly controlled entities were not individually material. The aggregate financial information of the Group's investments in jointly controlled entities is as follows:

	As of December 31,	
	2016	2015
Profit from continuing operations	$24,889	$7,075
Other comprehensive income, net of income tax	-	(6,257)
Total comprehensive income	$24,889	$818

The investments in jointly controlled entities were not pledged as collateral.

(d) The balances of certain investments accounted for under the equity method that were audited by other independent accountants were NTD3,846,228 thousand and NTD 4,543,168 thousand as of December 31, 2016 and 2015, respectively. The balances of share of profit of associates accounted for using equity method that were audited by other independent accountants were NTD (258,571) thousand and NTD 315,019 thousand for the years ended December 31, 2016 and 2015, respectively. The balances of share of other comprehensive income (loss) of associates and joint ventures that were audited by other independent accountants were NTD (133,419) thousand and NTD (25,936) thousand as of December 31, 2016 and 2015, respectively.

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(13) Property, plant and equipment

(a) The details of property, plant and equipment are as follows:

	Land and land Improvements	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased assets	Leasehold improvements	Other Equipment	Construction in progress and equipment awaiting examination	Total
Cost:										
As of January 1, 2016	$20,862,106	$44,061,196	$167,056,151	$3,358,747	$430,107	$477,376	$5,166,204	$48,715,569	$4,280,967	$294,408,423
Additions	1,265,948	56,218	559,105	79,086	6,597	102,300	393,289	701,140	9,363,932	12,527,615
Disposals	(99,300)	(232,261)	(3,040,111)	(142,068)	(53,185)	(74,237)	(664,617)	(415,840)	(6,526)	(4,728,145)
Other changes (Note)	(1,672,874)	(5,532,083)	(8,098,654)	(614,619)	(17,615)	25,126	(292,791)	(478,214)	(3,532,802)	(20,214,526)
As of December 31, 2016	$20,355,880	$38,353,070	$156,476,491	$2,681,146	$365,904	$530,565	$4,602,085	$48,522,655	$10,105,571	$281,993,367
As of January 1, 2015	$22,699,989	$47,850,764	$166,026,752	$3,453,696	$444,755	$217,727	$5,067,122	$48,488,055	$3,961,281	$298,210,141
Additions	236	39,444	713,815	246,767	17,095	107,202	94,775	947,176	4,220,482	6,386,992
Disposals	(864,236)	(3,825,177)	(2,049,617)	(124,531)	(26,323)	(9,974)	(20,695)	(847,439)	(90)	(7,768,082)
Other changes (Note)	(973,883)	(3,835)	2,365,201	(217,185)	(5,420)	162,421	25,002	127,777	(3,900,706)	(2,420,628)
As of December 31, 2015	$20,862,106	$44,061,196	$167,056,151	$3,358,747	$430,107	$477,376	$5,166,204	$48,715,569	$4,280,967	$294,408,423
Depreciation and impairment:										
As of January 1, 2016	$(6,952)	$(16,849,271)	$(150,126,657)	$(2,848,709)	$(357,061)	$(290,490)	$(2,565,744)	$(43,563,373)	$-	$(216,608,257)
Depreciation	(48)	(1,543,240)	(4,897,529)	(158,498)	(19,699)	(45,819)	(482,976)	(2,392,494)	-	(9,540,303)
Amortization	(2,535)	-	(3,908)	-	-	-	-	-	-	(6,443)
Disposals	-	178,600	3,114,317	141,386	53,267	80,356	101,894	236,468	-	3,906,288
Other changes (Note)	74	2,643,264	7,904,406	486,521	13,289	(3,637)	232,037	497,414	-	11,773,368
As of December 31, 2016	$(9,461)	$(15,570,647)	$(144,009,371)	$(2,379,300)	$(310,204)	$(259,590)	$(2,714,789)	$(45,221,985)	$-	$(210,475,347)
As of January 1, 2015	$(7,348)	$(18,587,590)	$(146,105,452)	$(2,857,496)	$(356,680)	$(168,184)	$(2,234,375)	$(41,687,227)	$-	$(212,004,352)
Depreciation	-	(1,553,010)	(6,018,681)	(186,286)	(25,249)	(45,655)	(406,438)	(2,613,021)	-	(10,848,340)
Disposals	-	3,158,305	1,883,775	103,776	23,971	9,974	19,698	640,214	-	5,839,713
Other changes (Note)	396	133,024	113,701	91,297	897	(86,625)	55,371	96,661	-	404,722
As of December 31, 2015	$(6,952)	$(16,849,271)	$(150,126,657)	$(2,848,709)	$(357,061)	$(290,490)	$(2,565,744)	$(43,563,373)	$-	$(216,608,257)
Net carrying amount as at:										
December 31, 2016	$20,346,419	$22,782,423	$12,467,120	$301,846	$55,700	$270,975	$1,887,296	$3,300,670	$10,105,571	$71,518,020
December 31, 2015	$20,855,154	$27,211,925	$16,929,494	$510,038	$73,046	$186,886	$2,600,460	$5,152,196	$4,280,967	$77,800,166

Note: Other changes included transfer from advance payments of equipment, changes in exchange rates, reclassification, impairment losses and effects on the changes of consolidated entities or on reclassification to non-current assets held for sale.

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j Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the years ended December 31,	
	2016	2015
Construction in progress	$83,939	$39,504
Machinery and equipment	880	-
Capitalization rate of borrowing costs	2.63%~5.50%	5.30%~5.50%

k Components of buildings, including main building structure, electronic engineering, electrical engineering, fire engineering, air conditioning units and elevators were depreciated by useful lives.

l Leased assets under finance leases were pledged solely as security for the bank loans.

m Please refer to Note 8 for more details on property, plant and equipment under pledge.

n Assets related to Tatung University are described as follows:
As of December 31, 2015, the carrying amount of Hsin-She-Gong Building ("the Building") was NTD 130,840 thousand. As of the audit report date of these consolidated financial statements, the ownership registration was still in progress, however, pursuant to R.O.C. Civil Code, the ownership of the Building belongs to the Company.

On May 6, 2016, Hsin-She-Gong Building was purchased by Shan-Chih Asset Development and the title transfer was completed. The related development involved issues such as land use change and urban planning. The long term plans still required integrated planning and continuous discussion between Tatung University and the competent education authority. Hsin-She-Gong Building is still in use according to the current condition. Construction and fire safety checks were implemented according to the law to ensure safety and maximum utilization.

o Due to other reasons, some land and prepayments for land of the Company and its subsidiaries have been held by other people and asset protection measures have been taken.

p The book values of certain property, plant and equipment of the Group have been deducted to recoverable amount. Impairment loss of NTD 329,161 thousand were recognized to the comprehensive income statement. The recoverable amount was estimated by the amount to which both the seller and buyer agreed and under the condition that both parties agreed to all the transaction terms as of the balance sheet date. In addition, property, plant and equipment that were deducted to recoverable amount were sold in the current period, resulting in changes in previous estimates of recoverable amount. Thus, the impairment loss recognized in previous years was reversed to a gain.

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(14) Investment property

	Land	Buildings	Total
Cost:			
January 1, 2016	$12,325,442	$2,290,331	$14,615,773
Additions	6,036	96,264	102,300
Other changes (Note)	10,517	(4,356)	6,161
December 31, 2016	$12,341,995	$2,382,239	$14,724,234
January 1, 2015	$12,280,535	$2,081,426	$14,361,961
Additions	81,943	136,334	218,277
Other changes (Note)	(37,036)	72,571	35,535
December 31, 2015	$12,325,442	$2,290,331	$14,615,773
Depreciation and impairment:			
January 1, 2016	$-	$(545,747)	$(545,747)
Depreciation	-	(74,692)	(74,692)
Other changes (Note)	-	2,302	2,302
December 31, 2016	$-	$(618,137)	$(618,137)
January 1, 2015	$-	$(435,887)	$(435,887)
Depreciation	-	(68,821)	(68,821)
Other changes (Note)	-	(41,039)	(41,039)
December 31, 2015	$-	$(545,747)	$(545,747)
Net carrying amount as at:			
December 31, 2016	$12,341,995	$1,764,102	$14,106,097
December 31, 2015	$12,325,442	$1,744,584	$14,070,026

Note: Other changes including changes in exchange rates and transfer in (out) from inventory, property, plant and equipment.

	For the years ended December 31, 2016	For the years ended December 31, 2015
Rental income from investment property	$374,690	$411,377
Less: Direct operating expenses from investment property generating rental income (not including depreciation)	(86,087)	(84,147)
Direct operating expenses from investment property not generating rental income (not including depreciation)	-	-
Total	$288,603	$327,230

No investment property was pledged.

The fair values of investment properties were NTD 22,659,871 thousand and NTD 22,326,370 thousand as of December 31, 2016 and 2015, respectively. The fair value was been determined based on valuations performed by an independent appraiser. The valuation method used is direct capitalization, and the parameters used are as follows:

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	As of December 31,	
	2016	2015
Discount rate	1.985%~8.500%	1.985%~9.000%
Growth rate	1%~5%	1%~5%

(15) Intangible assets

	Goodwill	Patents and licenses	Computer software	Others Intangible asset	Total
Cost:					
January 1, 2016	$314,781	$4,568,060	$722,064	$329,004	$5,933,909
Addition-acquired separately	-	5,110	286,081	17,470	308,661
Disposals	-	-	(130,298)	-	(130,298)
Other (Note)	-	(655)	(118,549)	(120,753)	(239,957)
December 31, 2016	$314,781	$4,572,515	$759,298	$225,721	$5,872,315
Cost:					
January 1, 2015	$314,781	$4,528,318	$692,406	$322,671	$5,858,176
Addition-acquired separately	-	111,427	111,698	6,743	229,868
Deduction-tax refund	-	(71,925)	-	-	(71,925)
Disposals	-	-	(75,660)	-	(75,660)
Other (Note)	-	240	(6,380)	(410)	(6,550)
December 31, 2015	$314,781	$4,568,060	$722,064	$329,004	$5,933,909
Amortization and impairment:					
January 1, 2016	$-	$3,538,932	$505,525	$96,531	$4,140,988
Amortization	-	206,723	180,925	26,407	414,055
Disposals	-	-	(130,298)	-	(130,298)
Other (Note)	145,690	131,769	79,094	(83)	356,470
December 31, 2016	$145,690	$3,877,424	$635,246	$122,855	$4,781,215
Amortization and impairment:					
January 1, 2015	$-	$3,290,993	$383,642	$70,061	$3,744,696
Amortization	-	231,040	196,728	26,473	454,241
Disposals	-	-	(75,660)	-	(75,660)
Other (Note)	-	16,899	815	(3)	17,711
December 31, 2015	$-	$3,538,932	$505,525	$96,531	$4,140,988
Net carrying amount as at:					
December 31, 2016	$169,091	$695,091	$124,052	$102,866	$1,091,100
December 31, 2015	$314,781	$1,029,128	$216,539	$232,473	$1,792,921

Note: Other including changes in exchange rates, reclassification, impairment losses and consolidated entities reclassified to non-current assets held for sale.

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	For the years ended December 31,	
	2016	2015
Operating costs	$33,427	$48,504
Operating expense (including research and development costs)	$342,588	$368,663

The above patents included the patent license agreement signed between LiFeP04+C Licensing AG and Tatung Fine Chemicals Co., Ltd ("the Agreement") to produce lithium iron phosphate material. The cost for Tatung Fine Chemicals Co., Ltd ("TFC") to acquire the patent was NTD 359,625 thousand and will be amortized during the license period (from July 1, 2011 to April 9, 2023).

When TFC paid the aforementioned royalties at the first time, it also paid the related withholding tax in accordance with the tax regulation effective then. Later, in accordance with the amended tax rules pursuant to Ministry of Finance Letter Tai-Cai-Shui-Zi-No. 10304503280 issued on January 29, 2014, TFC applied for tax refund of the first payment of royalties. The total amount applied for refund was NTD 71,925 thousand, which were collected on February 2, 2015 and booked as the deduction of the cost of intangible assets.

In addition, TFC evaluated in 2016 that its products mostly would be sold to non-patent countries and thus the patent of the intangible asset did not have future value to TFC. Therefore, according to Clause 8.3 of the Agreement: "Licensee may, at its sole discretion, terminate this Agreement, by a one-year prior written notice to Licensor," TFC decided in its shareholder's meeting to terminate the Agreement on December 19, 2016. Impairment loss of NTD 123,469 thousand was recognized in the current year.

(16) Other non-current assets

	As of December 31,	
	2016	2015
Long-term prepaid rent	$1,587,225	$885,804
Advance payments in equipment	3,490,198	227,261
Advance payments in materials	2,093,326	1,986,287
Refundable deposits	750,948	609,132
Other non-current assets - other	689,827	578,459
Total	$8,611,524	$4,286,943

As of December 31, 2016 and 2015, long-term prepaid rents were for land use rights.

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Vibrant Display Technology CO., Ltd., a subsidiary of the Group, signed a contract to obtain the usage right of a state-owned construction land with Putian Municipal Land & Resources Bureau on January 6, 2016. In March 2016, Vibrant Display Technology CO., Ltd. obtained the usage right with an amount of RMB 137,056 thousand. In addition, Vibrant Display Technology CO., Ltd., signed a contract to obtain the usage right of a state-owned construction land with Putian Municipal Land & Resources Bureau, Hanjiang branch office on April 25, 2016 and May 26, 2016 and Vibrant Display Technology CO., Ltd. obtained the usage right in August 2016, with the price amounting to RMB 49,202 thousand and 25,635 thousand, respectively.

Please refer to Note 9 (7) for prepayment from purchases reclassification to long-term prepayment of materials.

With respect to the above mentioned other non-current assets – other, part of the lands and land prepayment were held temporarily under third parties' names because of regulatory requirements or other reasons. As of December 31, 2016 and 2015, for those land under third parties that had pledged to the Group amounted to NTD 227,179 thousand and 234,064 thousand respectively, which left the others' right amounted to NTD 4,669 thousand and NTD 4,669 thousand, respectively remained unsecured. In order to secure the Group's right over the lands, the Group has adopted relevant security measures, including having the lands pledged to the Group. Yet, there are still some pieces of land that the Group has not secured its right over them. The Group continues handling the issue eagerly.

Please refer to Note 8 for more details on other non-current assets – other that were pledged as collateral.

(17) Long-term receivables-net

	As of December 31,	
	2016	2015
Tatung InfoComm Co., Ltd.	$644,799	$632,972
Loss: Allowance for bad debts	(520,799)	(508,972)
Others	132,199	13,708
Total	$256,199	$137,708

On March 30, 2012, the Company entered into a share purchase contract with Vee Telecom Multimedia Co., Ltd. Under the contract, the Company would sell all of its shares of its subsidiary, Tatung InfoComm Co., Ltd., to Vee Telecom Multimedia Co., Ltd. Moreover, the Company's financing to Tatung InfoComm Co., Ltd in the amount of NTD 557,980 thousand would be repaid by Tatung InfoComm Co., Ltd. However, Tatung InfoComm co., Ltd. was not able to repay the Company as contracted. In addition to taking measures to secure creditor rights, the Company evaluated the financial condition of Tatung InfoComm co., Ltd. and the likelihood to recover, to recognize allowance for bad debts.

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(18) Short-term loans

	Interest Rates (%)	As of December 31, 2016	As of December 31, 2015
Unsecured bank loans	0.76%~8.50%	$29,017,645	$29,141,024
Secured bank loans	1.28%~5.34%	25,377,994	16,267,637
Subtotal		54,395,639	45,408,661
Due to employees	0.17%~0.17%	16,454	18,264
Total		$54,412,093	$45,426,925

The Group's unused short-term lines of credits amounted to NTD 17,569,187 thousand and NTD 21,772,035 thousand, as of December 31, 2016 and 2015, respectively.

Please refer to Note 8 for more details on available-for-sale financial assets and property, debt instrument investments for which no active market existed, stock investments of subsidiaries, investment under the equity method, plant and equipment pledged as security for short-term borrowings.

(19) Short-term notes and bills payable

Guarantors	Interest Rates (%)	As of December 31, 2016	As of December 31, 2015
Unsecured domestic bills payable	0.85%~8.00%	$2,059,592	$1,610,996
Less: Unamortized discount		(1,689)	(3,881)
Net		$2,057,903	$1,607,115

(20) Financial liabilities at fair value through profit or loss

	As of December 31, 2016	As of December 31, 2015
Designated financial liabilities at fair value through profit or loss:		
Derivatives financial liabilities	$-	$931,102
Subtotal	-	931,102
Held for trading:		
Derivatives not designated as hedging Instruments		
Foreign currency option	260	806
Foreign exchange forward contracts	581	778
Subtotal	841	1,584
Total	$841	$932,686
Current	$841	$932,686

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

CPT entered into a voting trust agreement with Xiamen Xinhui Co. Ltd (hereinafter referred to as Xiamen Xinhui Co. Ltd) on November 6, 2013 to entrust Xiamen Xinhui Co. Ltd to exercise voting rights of the 41,977,943 shares of Xiamen Overseas Chinese Electronic Co., Ltd. (“XOCE”) it holds. In addition, to implement risk management, CPT also entered into a shareholding cooperation agreement with Xiamen Xinhui Co. Ltd. Pursuant to the agreement, Xiamen Xinhui Co. Ltd provided market value management services based on XOCE’s underlying 104,761,903 shares. On December 31, 2016, if the projected market value of the underlying shares is higher than the target value of the shares, CPT shall pay Xiamen Xinhui Co. Ltd 40% of the total difference as service fee; and CPT charges Xiamen Xinhui Co. Ltd 40% of the total difference as compensation if vice versa. As of December 31, 2015, the shares CPT entrusted Xiamen Xinhui Co. Ltd to exercise voting rights were recognized under financial assets at fair value through profit or loss in the amount of NTD 1,827,021 thousand. An amount of NTD 931,102 thousand, resulting from the derivatives factor embedded in the market value management service agreement was recognized under financial liabilities at fair value through profit or loss as of December 31, 2015.

On May 23, 2016, CPT entered into share transfer agreements with Xiamen Xinhui Co. Ltd and Jia-Xing-Rong-Ren to transfer the shares of XOCE, totaling 32,343,874 and 9,634,069 shares. The transaction amount was RMB 260,692 thousand and 119,665 thousand, and the transfer was completed on June 28, 2016.

(21) Long-term deferred revenue

(a) Government grants

	As of December 31,	
	2016	2015
Beginning balance	$271,902	$263,409
Received during the period	115,446	106,751
Released to the statement of comprehensive income	(126,077)	(92,363)
Exchange differences	(20,651)	(5,895)
Ending balance	$240,620	$271,902

Government grants had been received for the purchase of particular items of property, plant and equipment which were amortized during the useful life of the acquired assets.

	As of December 31,	
	2016	2015
Unearned rent from operating lease	$-	$85,000

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

	As of December 31,	
	2016	2015
Non-current deferred revenue	$240,620	$356,902

(22) Bonds payable

CPT

Liability component:

	As of December 31,	
	2016	2015
Domestic secured Corporate Bond	$-	$600,000
Less: current portion	-	(600,000)
Bonds payable, net of current portion	$-	$-

Domestic secured bonds payable

On July 22, 2014, CPT issued domestic secured bonds with total par value of NTD 1,500,000 thousand. The duration is 26 months from issuance. The first payment of NTD 300,000 thousand was made on September 22, 2014, and the remaining amount will be paid every six month on installment basis after the first payment date.

The interest is 3.19% annual. Interest payment will be made semi-annually. The interest rate resets every six months.

The bonds are secured by CPT’s property, plant and equipment. Refer to Note 8 for more details.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(23) Long-term loans

Details of long-term loans as of December 31, 2016 and 2015 are as follows:

(a) The Company

December 31, 2016

Lenders	As of December 31, 2016	2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured Long-term loans from King's Town Bank	$-	$800,000	0.81	Effective from December 30, 2015 to December 30, 2017. The principal will be repaid upon maturity.
Secured Long-term loans from King's Town Bank	527,000	-	2.56	Medium-term secured loan (in batches), the loan amount of 600 million (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, the grace period of 12 months, first repayment date being the end date of the grace period, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Secured Long-term loans from King's Town Bank	900,000	-	2.61	Medium-term unsecured loan (in batches), the loan amount of 900 million (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, the grace period of 12 months, first repayment date being the end date of the grace period, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Secured Long-Term loans from Bank of Taiwan	-	150,000	2.30	Effective from August 4, 2011 to July 28, 2016. The first repayment date is 2 years after the date of this loan agreement effective; and interest is paid monthly. Principal is repaid in 6 semi-annually payments.
Secured Long-term loans from Bank SinoPac	84,265	96,749	2.57~2.78	Effective July 9, 2014 to July 9, 2023. Since the first use date, principal is repaid in 36 quarterly payments.
Secured Long-term loans from Bank SinoPac	289,625	317,208	2.72~2.94	Effective April 27, 2015 to April 27, 2027. Since the first use date, principal is repaid in 48 quarterly payments.
Unsecured long-term loans from Bank SinoPac	-	500,000	2.00	Effective June 27, 2016 to December 31, 2017. The principal will be repaid upon maturity.
Unsecured long-term loans from Mega International Commercial Bank	-	1,200,000	2.53	Effective January 11, 2015 to January 11, 2017. The principal will be repaid upon maturity.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured long-term loans from Taishin International Bank	$-	$200,000	2.68	Effective December 25, 2015 to December 25, 2017. The principal will be repaid upon maturity.
Unsecured long-term loans from Taishin International Bank	-	3,000,000	1.80	Effective December 30, 2015 to December 30, 2019. The 1st repayment of principal is in 6 months after first draw. The remaining principal is repaid in 8 semi-annual payments. The credit will be decreased by 12.5% in each repayment.
Unsecured long-term loans from Chang Hwa Bank	-	800,000	2.27~2.34	Effective December 21, 2015 to December 21, 2017. The principal will be repaid upon maturity.
Unsecured long-term loans from Hua Nan Bank	-	1,740,000	2.37	Effective May 22, 2015 to May 22, 2017. The principal will be repaid upon maturity.
Unsecured long-term loans from Taiwan Cooperative Bank	1,100,000	1,300,000	2.09~2.28	Effective August 19, 2016 to August 19, 2018. The principal will be repaid upon maturity.
Unsecured long-term loans from Far Eastern International	703,040	962,685	2.02~2.19	Effective December 10, 2015 to December 10, 2018. The principal will be repaid upon maturity.
The Export-Import Bank Of the ROC	-	60,000	2.41	Effective December 11, 2013 to May 13, 2016. The 1st repayment of principal is in 6 months after first draw. The remaining principal is repaid in 5 semi-annually payments. The last repayment is no longer than 2 year and 6 months after execution date of the loan agreement.
Unsecured long-term loans from EnTie Commercial Bank	-	200,000	2.41	Effective November 24, 2015 to November 24, 2017. Since the first use date principal is repaid in 10 quarterly payments.
Secured Syndicated loans from Taishin International Bank	-	4,400,000	2.84	Effective June 13, 2014 to June 13, 2018. The 1st repayment of principal is in 36 months after first draw. The remaining principal is repaid in 3 semi-annually payments. The 1st and 2nd repayments will be both at 20% and the remaining 60% will be repaid in the 3rd repayment.
Secured Syndicated loans from First Bank	-	2,200,000	2.63	Effective September 16, 2013 to September 16, 2018. The 1st repayment of principal is in 18 months after first draw. The remaining principal is repaid in 4 semi-annually repayments. The 1st to 3rd payments will be 10% and the remaining 70% will be repaid in the 4th repayment. The loan agreement was extended to September 16, 2018 with the agreement obtained from the banks. The original date of 4th repayment change to the first repayment date after the extension, the remaining principal is repaid in 5 semi-annually payments.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured Syndicated loans from Bank SinoPac	$-	$1,000,000	2.64	Effective September 30, 2015 to September 30, 2017. The 1st repayment of principal is in 18 months after first draw. The remaining principal is repaid in 3 quarterly payments. The 1st and 2nd repayments will decrease the credit by 30% each, and the remaining 40% will be repaid in the 3rd repayment.
Secured Syndicated loans from Bank of Taiwan	-	800,000	2.38	Effective March 31, 2014 to March 31, 2017. The 1st repayment of principal is in 24 months after first draw. The remaining principal is repaid in 2 semi-annually payments. The 1st and 2nd repayments will decrease the credit by 20% each, and the remaining 60% will be repaid in the 3rd repayment.
Secured Syndicated loans from Bank of Taiwan	-	480,000	2.38	Effective March 31, 2014 to March 31, 2017. Only one withdraw is allowed. The loan should be withdraw in the first six months of the effective period. The credit period should be twelve months after withdraw. The 1st repayment of principal is in 12 months after first draw. The remaining principal is repaid in 5 semi-annually payments.
Secured Syndicated loans from Bank of Taiwan	16,200,000	-	2.06	Effective December 23, 2016 to December 23, 2021. The 1st repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1st to 4th payments will be 5% and the remaining 80% will be repaid in the 5th repayment.
Secured Syndicated loans from Bank of Taiwan	5,840,000	-	2.06	Effective December 23, 2016 to December 23, 2021. The 1st repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1st and 4th repayments will decrease the credit by 5% each, and the remaining 80% will be repaid in the 5th repayment.
Hua Nan Bank L/C loans (USD)	19,259	197,806	1.80~3.04	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Hua Nan Bank L/C loans (RMB)	12,443	-	8.48	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Hua Nan Bank L/C loans (SEK)	-	4,184	5.40	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Chang Hwa Bank L/C loans (USD)	-	169,640	1.55~1.94	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Chang Hwa Bank L/C loans (EUR)	-	67,960	1.02~1.12	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Mega Bank L/C loans (USD)	27,913	369,378	2.11~3.41	Principal is repaid in 180 days after first draw. The duration of the loan is two years.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Chang Hwa Bank secured loans in a foreign currency (USD)	$-	$37,339	1.94	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Hua Nan Bank secured loans in a foreign currency (USD)	-	179,116	1.69~2.01	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Mega Bank secured loans in a foreign currency (USD)	-	61,152	2.33~2.38	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Two-year loans due to stockholders and employees	17,353	17,453		
Subtotal	25,720,898	21,310,670		
Less: unamortized issuing cost	(205,640)	(56,891)		
	25,515,258	21,253,779		
Less: current portion	(1,109,420)	(3,321,520)		
Total	$24,405,838	$17,932,259		

Shan-Chih Asset Development Co. guaranteed the Company’s long-term loans. As of December 31, 2016 and 2015, the balance of guarantees was NTD 28,200,000 thousand and NTD 12,950,000 thousand, respectively; the Company’s Chairman, W.S. Lin, guaranteed some of the Company’s bank loans.

For the years ended December 31, 2016 and 2015, certain long-term loans of the Company included debt covenants requiring minimum levels of liquidity ratio, liability to equity ratio, and net assets value. For the years ended December 31, 2016 and 2015, the Company did not breach any such covenants, therefore there was no immediate repayment of the loans triggered by breach of covenants.

Please refer to Note 8 for assets pledged as collateral for long-term loans.

(Note: Interest rates are rounded off to the second decimal place.)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(b) CPT and its subsidiaries

	As of December 31,		Interest rate	
Lenders	2016	2015	(%)(Note)	Maturity date and terms of repayment
Administered by Bank of Taiwan(syndicated loans)	$3,543,750	$3,645,000	3.25~3.34	The first repayment date is six months after the date of this agreement, and each of the eighteen successive semi-annual dates thereafter. The repayment percentages are 5% for the first repayment, 7.5% for the second and third repayments, 10% for the fourth and the fifth repayments, 12% for the sixth and seventh repayments, 3.6% for the eighth and ninth repayments, 6.3% for the tenth repayments, 2.25% for the eleventh to fourteenth repayments, and 3.375% for the fifteenth to eighteenth repayments.
Secured long-term loan from Mega Bills Finance Co. Ltd.	47,200	48,600	2.69~2.69	Extend annually beginning one year after the first use day. Credit limit is gradually reduced on a semi-annual basis beginning six months after the first use day. Credit limit is reduced by 5% first six months after the first use day, then 7.5% for the second and third six months periods, 10%, for the fourth and fifth six months periods, 12% for the sixth and seventh six months periods, 3.6% for the eighth and ninth six months periods, 6.3% for the tenth six months periods, 2.25% for the eleventh to fourteenth six months periods, and 3.375% for the fifteenth to eighteenth six months period.
Secured long-term loan from King’s Town bank	1,700,000	1,900,000	3.30~3.47	The first repayment date is six months after the drawdown date, and the rest of the repayments will be made on each of the nineteen successive quarterly dates thereafter. From September 30, 2015 to June 30, 2016, the repayment is NTD 50,000 thousand every quarter. From September 30, 2016 to June 30, 2019, the repayment is NTD 100,000 thousand every quarter. From September 30, 2019 to June 30, 2020, the repayment is NTD 150,000 thousand every quarter.
Secured long-term loan from King’s Town bank	1,180,000	483,000	2.61~2.93	A grace period of 6 months after the drawdown date, the first repayment date is three months after the grace date, and the rest of the repayments will be made on each of the sixth successive quarterly dates thereafter. From November 1, 2016 to November 1, 2017, the repayment is NTD 20,000 thousand every quarter. NTD 1,100,000 thousand will be repaid on February 1, 2018.
Secured long-term loan from China Development Bank (USD 15,000 thousand)	198,660	357,792	5.60	The repayment is divided into nine successive dates. USD 0.6 million will be repaid on November 9, 2013. USD 0.21 million will be repaid on April 30, 2014. USD 0.31 million will be repaid on October 30, 2014. USD 1.49 million will be repaid on April 30, and October 30, 2015. USD 2.37 million will be repaid on April 30, and October 30, 2016. USD 3.08 million will be repaid on April 30, and November 8, 2017.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from Agricultural Bank of China (RMB 200,000 thousand)	$185,959	$556,048	5.94~6.00	The repayment is divided into six successive dates. RMB 30 million will be repaid per six months from December 31, 2014 to June 30, 2016. RMB 40 million will be repaid on December 31, 2016 to January 16, 2017, respectively.
Secured Long-term loan from China Merchant Bank (RMB 100,000 thousand)	222,399	342,922	5.94~7.00	The repayment is divided into ten successive dates. 5% will be repaid for the 1st to 4th six months periods, 10% will be repaid for the 5th to 8th six months periods, and 20% will be repaid for the 9th to 10th six months periods. The maturity date is July 31, 2017.
Secured long-term loan from Export-Import Bank (RMB 96,280 thousand)	145,420	309,769	4.99~6.72	The repayment is divided into eight successive dates. RMB 5 million will be repaid on June 21, and December 21, 2014. RMB 12.5 million will be repaid on June 21, and December 21, 2015. RMB 15 million will be repaid on June 21, and December 21, 2016. RMB 17.5 million will be repaid on June 21, 2017. RMB 13.78 million will be repaid on December 17, 2017.
Secured long-term loan from Taiwan Cooperative Bank	-	216,667	1.79~2.54	Started from July 2015, principal is repaid in 36 monthly payments in the amount of NTD7,222 thousand each payment.
Secured long-term loan from Mega International Commercial Bank	-	83,100	1.80~2.54	The repayment is divided into twelve installments. NTD16.7 million will be repaid each of the first eleven quarters starting in May 2015. The final repayment is NTD16.3 million.
Secured long-term loan from Bank of Communications Financial Leasing Co., Ltd (RMB 60,000 thousand)	74,057	183,383	5.00	The repayment is divided into twelve installments. The first payment RMB 4,591 thousand was made on December 15, 2014. The repayment of RMB 4,462 thousand was made on March 15, 2015. The repayment of RMB 4,733 thousand was made on June 15, 2015. The repayment of RMB 4,806 thousand was made on September 15, 2015. The repayment of RMB 4,930 thousand was made on December 15, 2015. The repayment of RMB 4,991 thousand was made on March 15, 2016. The repayment of RMB 5,054 thousand was made on June 15, 2016. The repayment of RMB 5,117 thousand was made on September 15, 2016. The repayment of RMB 5,186 thousand was made on December 15, 2016. The repayment of RMB 5,247 thousand was made on March 15, 2017. The repayment of RMB 5,310 thousand was made on June 15, 2017. The repayment of RMB 5,373 thousand was made on September 15, 2017.
Secured long-term loan from Taishin International Bank	-	200,000	1.80~2.54	The repayment is divided into five installments. NTD 44 million will be paid every quarter starting in April 2016.
Unsecured long-term loan from Ta Chong Bank	-	167,000	1.80~2.54	The repayment is divided into six installments. NTD 33,000 thousand will be paid semi-annually starting in August 2015. The last repayment will be NTD 35,000 thousand.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured long-term loan from Chang Hwa Bank	$-	$75,572	1.80~2.54	The repayment is divided into twelve installments. NTD 8,095 to 8,562 thousand will be paid quarterly starting in June 2015.
Secured long-term loan from Chang Hwa Bank	-	400,000	1.74~1.81	The repayment is divided into twelve installments. NTD 33,333 thousand will be paid quarterly starting in February 2016.
Secured long-term loan from King's Town Bank	-	315,000	2.81~2.88	The repayment is divided into twenty installments. NTD 15,750 thousand will be paid quarterly starting in March 2016.
Secured long-term loan from Ping An Bank, Offshore business services (USD 100,000 thousand)	-	3,282,500	3.56	The one-time repayment will be due on March 10, 2016.
Secured long-term loan from China Construction Bank (USD 48,015 thousand)	-	1,576,092	2.24~2.50	The one-time repayment will be due on September 15, 2016
Secured long-term loan from China Construction Bank (USD 29,100 thousand)	938,475	-	2.30~7.79	The one-time repayment will be due on January 30, 2017
Secured long-term loan from China Construction Bank (USD 24,735 thousand)	797,704	-	2.08	The one-time repayment will be due on October 19, 2018.
Secured long-term loan from China Construction Bank (USD 93,605 thousand)	-	3,072,584	2.00~2.24	The one-time repayment will be due on December 12, 2016.
Secured long-term loan from China Fortune International Trust	-	3,993,434	9.50	The one-time repayment will be due on April 18, 2016.
Secured long-term loan from China Fortune International Trust	-	1,213,195	9.00	The one-time repayment will be due on October 29, 2016.
Secured long-term loan from China Fortune Securities	-	3,235,179	7.50	The one-time repayment will be due on January 10, 2017.
Secured long-term loan from China Construction Bank	-	210,146	2.00	The one-time repayment will be due on September 15, 2016.
Secured long-term loan from China Fortune Securities (RMB 200,000 thousand)	929,796	1,010,996	7.50	The one-time repayment will be due on February 28, 2017.
Secured long-term loan from China Construction Bank (RMB 200,000 thousand)	-	955,208	2.00	The one-time repayment will be due on January 30, 2017.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from China Minsheng Bank (RMB 300,000 thousand)	$1,394,694	$1,516,494	9.00	The one-time repayment will be due on January 13, 2017.
Secured Long-term loan from China Merchant Bank (USD 42,500 thousand)	1,370,625	1,395,063	2.23~2.65	The one-time repayment will be due on January 6, 2017.
Secured Long-term loan from China Merchant Bank (USD 45,000 thousand)	1,451,250	1,477,125	2.09~2.82	The one-time repayment will be due on January 20, 2017.
Secured Long-term loan from Bohai International Trust (RMB 466,950 thousand)	2,170,841	-	6.40	The one-time repayment will be due on December 27, 2018.
Secured Long-term loan from China Railway Trust (RMB 300,000 thousand)	1,394,694	1,516,494	6.40~8.90	The one-time repayment will be due on January 27, 2017.
Secured Long-term loan from China Railway Trust (RMB 177,500 thousand)	825,194	-	6.35	The one-time repayment will be due on October 13, 2018.
Secured long-term loan from China Minsheng Bank (RMB 420,000 thousand)	1,952,572	-	5.80	The one-time repayment will be due on December 27, 2018.
Subtotal	20,523,290	33,738,363		
Less: unamortized issuing cost	(93,885)	(96,763)		
	20,429,405	33,641,600		
Less: current portion	(10,168,480)	(18,799,551)		
Total	$10,260,925	$14,842,049		

For the years ended December 31, 2016 and 2015, certain long-term loans of CPT included debt covenants requiring minimum levels of liquidity ratio, liability to equity ratio, and net assets value. For the year ended December 31, 2015, CPT had not breached the restrictive covenants of the contracts. Moreover, there was no immediate repayment of the loans triggered by breach of loan contracts in accordance with the waiver obtained from the banks on June 30, 2016 and December 31, 2015.

Please refer to Note 8 for assets pledged as collateral for long-term loans.

(Note: Interest rates are rounded off to the second decimal place.)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(c) SCSC and its subsidiaries

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured long-term loan from Bank of Taiwan	$-	$30,000	1.76~1.90	Started from December 31, 2011, principal is repaid in 20 quarterly payments in the amount of NTD10,000 thousand per payment.
Unsecured long-term loan from King's Town Bank	312,352	500,000	2.52~3.00	Started from March 17, 2015, principal is repaid in 24 monthly payments in the amount of NTD 15,000 thousand per payment.
〃	291,709	-	2.55	Started from January 21, 2017, principal is repaid in 28 monthly payments in the amount of NTD 11,000 thousand per payment. The last payment will be NTD 3,000 thousand.
Secured Long-term loans from King's Town Bank	699,437	-	2.59~2.72	Started from July 21, 2016, principal is repaid in 25 monthly payments in the amount of NTD 38,000 thousand per payment.
〃	338,516	-	2.65	Started from May 27, 2017, principal is repaid in 26 monthly payments in the amount of NTD 13,000 thousand per payment. The last payment will be NTD 25,000 thousand.
Secured syndicated Loans from Fubon Financial Bank	181,942	296,550	2.62~3.49	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2015 and June 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
〃	273,108	444,826	3.42~3.71	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2015 and June 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
〃	49,662	81,406	2.62~3.49	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2015 and June 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured syndicated Loans from Fubon Financial Bank	$74,688	$122,109	3.20~3.71	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2015 and June 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
Secured syndicated Loans from Bank of Taiwan	115,621	194,286	2.87~3.03	The principal of the syndicated loans from Bank of Taiwan which are originally due on April 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
〃	216,164	99,571	2.87~3.03	The principal of the syndicated loans from Bank of Taiwan which are originally due on April 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
〃	-	123,857	3.03	The principal of the syndicated loans from Bank of Taiwan which are originally due on April 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
〃	-	138,429	3.03	The principal of the syndicated loans from Bank of Taiwan which are originally due on April 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
Secured long-term loan from EnTie Bank	-	231,667	3.33	Started from May 31, 2014, principal is repaid in 15 monthly payments. NTD 29,444 thousand will be repaid for the first fourteen periods. NTD 15,556 thousand will be repaid for the last period.
〃	-	46,750	3.57	Started from December 19, 2015, the first payment is on the first six month. Remain paid for NTD 13,000 thousand per three month in 6 terms.
Sales with Buyback Agreements with Chailease Finance Co., Ltd.	-	4,125	1.38	Started from May 26, 2014, principal is repaid in 8 quarterly payments in the amount of NTD 6,750 per each payment. NTD 4,125 for the last payment.
Sales with Buyback Agreements with Chailease Finance Co., Ltd.	-	10,875	2.50	Started from August 20, 2014, principal is repaid in 8 quarterly payments in the amount of NTD 6,750 per each payment. NTD 4,125 for the last payment.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from Chailease Finance Co., Ltd.	$11,309	$19,568	2.80	Started from May 20, 2015, principal is repaid in 36 monthly payments. NTD 710 will be repaid for the 1st to 27th periods and an additional NTD 500 thousand will be added cumulatively to each repayment for the last five periods.
Sales with Buyback Agreements with Chailease Finance Co., Ltd.	48,073	-	1.63	Started from January 28, 2016, principal is repaid in 8 quarterly payments in the amount of NTD 11,000 per each payment. NTD 5,600 for the last payment.
Unsecured long-term loan from Chailease Finance Co., Ltd.	13,645	29,605	2.79	Started from May 22, 2015, principal is repaid in 30 monthly payments in the amount of NTD 1,382 thousand per each payment.
Robina Finance & Leasing Corp.	-	23,087	12.87	Effective from June 19, 2014. Principal is repaid in 25 monthly payments. RMB 3,420,278.55 will be repaid for the 1st period. RMB 1,090,000 will be repaid for the 2nd to 13th periods. RMB 790,000 will be repaid for the 14th to 25th periods.
Secured long-term loan from Robina Finance & Leasing Corp.	89,831	-	10.28	Effective from November 15, 2016. Principal is repaid in 25 monthly payments. NTD 1,955 thousand will be repaid for the 1st period. NTD 3,998 thousand will be repaid for the 2nd to 9th periods. NTD 4,881 thousand will be repaid for the 10th to 17th periods. NTD 3,952 thousand will be repaid for the 18th to 25th periods.
Far Eastern International Bank	150,000	-	1.63	The one-time repayment will be due on December 14, 2018.
Far Eastern International Bank	-	130,000	1.88~1.97	The one-time repayment will be due on December 24, 2017.
Subtotal	2,866,057	2,526,711		
Less: current portion	(1,386,998)	(1,126,752)		
Total	$1,479,059	$1,399,959		

Certain long-term loans of SCSC and its subsidiaries included debt covenants requiring minimum levels of liquidity ratio, liability to equity ratio, and net assets value. For the year ended December 31, 2016, there was no immediate repayment of the loans triggered by breach of loan contracts in accordance with the agreement obtained from the banks. Please refer to Note 9 for details of the syndicated loans.

As of December 31, 2016, the Company's Chairman, W.S. Lin, was a joint guarantor of SCSC and its subsidiaries' bank loans, except for secured loan for NTD 264,785 thousand. Please refer to Note 8 for the guarantee for the long-term loans.

There is no unused long-term lines of credits for the above secured syndicated loans.

(Note: Interest rates are rounded off to the second decimal place.)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(d) FD and its subsidiaries

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured loan from Bank of Panhsin	$200,000	$-	2.94	Effective from October 28, 2016 to October 28, 2018. Principal is repaid in 4 semi-annually payments after first draw. Repay the principal after the expiration to renew .Interest is paid monthly.
Secured loan from Bank of Panhsin	560,000	580,000	2.55~2.85	Effective from October 30, 2014 to October 30, 2019. Principal is repaid in 10 semi-annually payments. NTD 10,000 thousand will be repaid for the first 19 payments. NTD 510,000 thousand will be repaid for the 10th payment. Interest is paid monthly.
Secured loan from Bank of Panhsin	-	100,000	2.90	Effective from July 22, 2015 to January 18, 2016. Principal is repaid at NTD 100,000 thousand per 6 months.
Secured loan from Bank of Panhsin	-	30,000	2.92	Effective from December 28, 2015 to June 24, 2016. Principal is repaid at NTD 30,000 thousand per 6 months.
Secured loan from Bank of Panhsin	-	30,000	2.90	Effective from October 2, 2015 to March 30, 2016. Principal is repaid at NTD 30,000 thousand per 6 months.
Secured loan from Bank of Panhsin	-	40,000	2.92	Effective from November 25, 2015 to May 23, 2016. Principal is repaid at NTD 40,000 thousand per 6 months.
Chaileasing Finance Co., Ltd.	-	13,454	3.09	Effective from September 19, 2014 to September 19, 2016. Principal is repaid in 24 monthly payments. The first repayment is NTD 2,630 thousand, the remaining repayments is decreasing, and the last repayment is NTD870 thousand.
Subtotal	760,000	793,454		
Less: current portion	(220,000)	(233,454)		
Total	$540,000	$560,000		

Certain lands and buildings were pledged as first mortgage for secured loans from Bank of Panhsin and Bank of Taiwan. Please refer to Note 8 for assets pledged as collateral for long-term loans.

(Note: Interest rates are rounded off to the second decimal place.)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(e) Tatung Forestry and Development Co.

Lenders	As of December 31, 2016	2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from Sunny Bank	$7,500	$19,166	2.00~2.25	Effective from April 2012 to April 2027, with a grace period of 36 months from the effective date. Principal is repaid in 24 semi-annually payments started from April 6, 2015. Interest is paid monthly.
Less: current portion	(1,666)	(1,666)		
Total	$5,834	$17,500		

(Note: Interest rates are rounded off to the second decimal place.)

(f) Chih-Sheng Realty Co.

Lenders	As of December 31, 2016	2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured long-term loan from O-Bank	$250,000	$-	2.00	Effective June 30, 2016 to May 10, 2019. Principal is repaid in 24 monthly payments with interest payments due monthly.
Secured long-term loans from Hua Nan Bank	-	120,000	2.75~2.98	Effective May 18, 2016 to May 18, 2018. Principal is repaid in 24 monthly payments with interest payments due monthly.
Secured long-term loans from Bank of Taiwan	245,000	245,000	2.35~2.65	Effective July 20, 2016 to July 20, 2021. Principal is repaid in 24 monthly payments with interest payments due monthly.
Less: current portion	-	-		
Total	$495,000	$365,000		

Please refer to Note 8 for assets pledged as collateral for long-term loans.

(Note: Interest rates are rounded off to the second decimal place.)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(g) Tatung Precise Meter Co.

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured long-term Loan from Hua Nan Bank	$26,875	$20,000	2.88	Effective November 2014 to November 2019. Principal is repaid in 12 quarterly payments.
Less: current portion	-	-		
Total	$26,875	$20,000		

(Note: Interest rates are rounded off to the second decimal place.)

(h) Tatung Fine Chemicals Co., Ltd.

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from Hotai Finance Co., Ltd.	$-	$7,384	1.99	Effective December 25, 2014 to December 25, 2016. Principal is repaid in 24 monthly payments with interest payments due monthly.
Less: current portion	-	(3,674)		
Total	$-	$3,710		

(Note: Interest rates are rounded off to the second decimal place.)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(i) Chunghwa Electronics Development Co., Ltd.

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from King's Town Bank.	$201,000	$157,000	2.52~2.66	Effective from September 2015 to September 2017. Principal is repaid in 24-monthly payments with interest payments due monthly.
Less: current portion	(201,000)	(12,000)		
Total	$-	$145,000		

Please refer to Note 8 for assets pledged as collateral for long-term loans.

(Note: Interest rates are rounded off to the second decimal place.)

(j) Shan-Chih Asset Development Co.

Lenders	As of December 31, 2016	As of December 31, 2015	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured Long-Term loans from Bank of Taiwan	$50,000	$-	2.03	Effective from June 30, 2016 to June 30, 2019. The principal will be repaid upon maturity. Interest payments due monthly.
Secured Long-Term loans from Bank of Taiwan	750,000	-	2.15	Effective from May 13, 2016 to May 13, 2023. The principal will be repaid upon maturity. Interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan	210,000	-	2.39	Effective from April 2, 2016 to April 1, 2020. The principal will be repaid upon maturity. Interest payments due monthly.
Subtotal	1,010,000	-		
Less: current portion	-	-		
Total	$1,010,000	$-		

Please refer to Note 8 for assets pledged as collateral for long-term loans.

(Note: Interest rates are rounded off to the second decimal place.)

(24) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2016 and 2015 were NTD478,008 thousand and NTD561,942 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15^{th} year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandates, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NTD 1,106,918 thousand to its defined benefit plan during the 12 months beginning after December 31, 2016.

As of December 31, 2016 and 2015, the durations of the defined benefits plan obligation of the subsidiaries under the Group were different. The latest years of maturity are 2025 and 2033, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2016 and 2015:

	For the years ended December 31,	
	2016	2015
Current period service costs	$65,456	$78,606
Interest income or expense	40,072	72,323
Past service cost	90	(413)
Payments from the plan	(278)	(58)
Total	$105,340	$150,458

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	2016.12.31	2015.12.31	2015.1.1
Defined benefit obligation	$4,997,403	$5,763,237	$6,067,862
Plan assets at fair value	(1,364,726)	(613,347)	(385,696)
Subtotal	3,632,677	5,149,890	5,682,166
Other	46,943	36,212	5,571
Liabilities reclassified as held-for-sale non-current asset	(44,030)	-	-
Other non-current liabilities - Accrued pension liabilities recognized on the consolidated balance sheets	$3,635,590	$5,186,102	$5,687,737

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of January 1, 2015	$6,067,862	$(385,696)	$5,682,166
Current period service costs	78,606	-	78,606
Net interest expense (income)	78,384	(6,043)	72,341
Past service cost and gains and losses arising from settlements	(489)	-	(489)
Subtotal	6,224,363	(391,739)	5,832,624
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	3,635	-	3,635
Actuarial gains and losses arising from changes in financial assumptions	(64,830)	-	(64,830)
Experience adjustments	127,637	-	127,637
Return on plan assets	-	(4,402)	(4,402)
Subtotal	66,442	(4,402)	62,040
Payments from the plan	(520,784)	520,784	-
Contributions by employer	-	(744,774)	(744,774)
As of December 31, 2015	5,770,021	(620,131)	5,149,890
Current period service costs	65,457	-	65,457
Net interest expense (income)	46,159	(6,276)	39,883
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	5,881,637	(626,407)	5,255,230
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	52,687	-	52,687
Actuarial gains and losses arising from changes in financial assumptions	274,675	122	274,797
Experience adjustments	(661,090)	-	(661,090)
Return on plan assets	(5,844)	5,134	(710)
Subtotal	(339,572)	5,256	(334,316)
Payments from the plan	(368,764)	368,764	-
Payments from the Company	(175,898)	-	(175,898)
Reclassification to liabilities directly related to held-for-sale non-current assets	(106,788)	62,758	(44,030)
Contributions by employer	-	(1,112,339)	(1,112,339)
As of December 31, 2016	$4,890,615	$(1,301,968)	$3,588,647

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2016	2015
Discount rate	1.13%~1.25%	0.50%~1.50%
Expected rate of salary increases	1.00%~2.25%	1.00%

A sensitivity analysis for significant assumption as at December 31, 2016 and 2015 is, as shown below:

	Effect on the defined benefit obligation			
	2016		2015	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$149,068	$-	$73,375
Discount rate decrease by 0.5%	154,819	-	66,375	-

The sensitivity analyses above are based on a change in the actuarial assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(25) Provisions

	Sales returns and allowances	Maintenance warranties	Reserve for lawsuit	Decommissioning reserve	Total
As of January 1, 2016	$775	$115,721	$423,331	$76,147	$615,974
Arising during the period	-	80,033	-	1,394	81,427
Utilized	(775)	(6,296)	(177,440)	-	(184,511)
Unused provision reversed	-	(72,564)	(9,679)	-	(82,243)
Effect of exchange rate changes	-	(77)	(7,347)	-	(7,424)
As of December 31, 2016	$-	$116,817	$228,865	$77,541	$423,223
Current-December 31, 2016	$-	$116,817	$-	$-	$116,817
Non-current-December 31, 2016	-	-	228,865	77,541	306,406
As of December 31, 2016	$-	$116,817	$228,865	$77,541	$423,223
Current-December 31, 2015	$775	$115,721	$-	$-	$116,496
Non-current-December 31, 2015	-	-	423,331	76,147	499,478
As of December 31, 2015	$775	$115,721	$423,331	$76,147	$615,974

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Sales returns and allowances

A provision has been recognized for sales returns and allowances based on other known factors. The provision is recognized and the corresponding entry is made against operating revenue at the time of sales.

Maintenance warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

Reserve for lawsuit

Provisions have been recognized for estimated legal obligations and relevant cost based on past experience. If the existing obligation is mostly likely to incur and the amount may be reasonably estimated, the provisions for legal matters is to be recognized.

Decommissioning, restoration and rehabilitation reserve

A provision has been recognized for decommissioning costs associated with a factory owned by GET. The Group is committed to decommissioning the site as a result of the construction of the factory.

(26) Equities

(a) Common stock

As of December 31, 2016 and 2015, the Company's authorized capital and issued capital were NTD 100,000,000 thousand and NTD 23,395,367 thousand, with a par value of NTD 10 dollar, totaling 10,000,000 thousand shares and 2,339,537 thousand shares respectively. Each share is entitled to one voting right and the right to receive dividends.

(b) Capital surplus

	As of December 31,	
	2016	2015
Share of changes in net assets of associates and joint ventures under equity method	$2,759,706	$680,241
Other	105,135	105,135
Total	$2,864,841	$785,376

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury stock

As of December 31, 2016 and 2015 the Company's subsidiaries, CPT and its subsidiaries, and Chunghwa Electronics Investment Co., held 70,598 thousand shares and 333 thousand shares of the Company's stock. The stocks mentioned above were held for financing purpose before the amendments of the Company Act on November 12, 2001. In addition, FD, a subsidiary of the Company, purchased 36,236 thousand shares of the Company in 2016. As of December 31, 2016 and 2015, the carrying value of treasury shares were NTD 1,056,865 thousand and NTD 806,870 thousand, respectively.

(d) Retained earnings and dividend policies:

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

(a) Payment of all taxes and dues
(b) Offset prior years' operation losses
(c) Appropriate 10% of the remaining amount after deducting items (a) and (b) as a legal reserve
(d) Appropriate or reverse special reserve in accordance with relevant laws or regulations
(e) Appropriate no more than 2% and no less than 1% of the remaining amount after deducting items (a), (b), (c) and (d) as directors' remuneration and employee's bonus, respectively
(f) After deducting items (a), (b), (c) and (d) above from the current year's earnings, the distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the stockholders' meeting. The distribution of earnings could not be less than 60% of the accumulated distributable earnings

However, according to the addition of Article 235-1 of the Company Act announced on May 20, 2015, the Company shall provide a fixed amount or percentage of the actual profit for a year to be distributed as "employees' compensation". On June 17, 2016, the Company decided on its shareholder's meeting to amend the Company's article of association, stating that the profit should be distributed according to the sequence as below:

(a) Payment of all taxes and dues
(b) Offset prior years' operation losses
(c) Appropriate 10% of the remaining amount after deducting items (a) and (b) as a legal reserve
(d) Appropriate or reverse special reserve in accordance with relevant laws or regulations
(e) After deducting items (a), (b), (c) and (d) above from the current year's earnings, the distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the stockholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Jin-Guan-Zheng-Fa-Zi-No. 1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

As of January 1, 2015, special reserve set aside for the first-time adoption of T-IFRS amounted to NTD 9,975,000 thousand. The Company resolved to recover the special reserve amounting to NTD 124,233 thousand in the shareholders' meeting on June 15, 2015. In the fourth quarter of 2015, the Company disposed of related assets and reversed special reserves of NTD 52,180 thousand. The Company resolved to make up for its losses by special reserve of NTD 3,100,268 thousand in the shareholder's meeting on June 17, 2016. As of December 31, 2016 and 2015, special reserve set aside for the first-time adoption of T-IFRS amounted to NTD 6,946,785 thousand and 10,047,053 thousand, respectively. Unrecovered special reserve amounted to NTD 8,895,725 thousand.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Details of the 2016 deficit compensation as approved by the boards' meeting on March 29, 2017 are as follows:

	Appropriation of earnings
	2016
Special reserve	$2,175,074

Details of the 2015 deficit compensation as approved by the shareholders' meeting on June 17, 2016 are as follows:

	Appropriation of earnings
	2015
Special reserve	$3,100,268

Please refer to Note 6 (30) for more details about provision for employees' bonuses and compensation for directors and supervisors.

(e) Non-controlling interests:

	For the years ended December 31,	
	2016	2015
Balance as of January 1	$18,312,703	$27,503,937
Loss attributable to non-controlling interests	(1,195,957)	(7,719,504)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Actuarial gain (loss) from defined benefit plans	132,710	(30,136)
Exchange differences resulting from translating the financial statements of a foreign operation	(2,930,230)	(1,083,556)
Unrealized gains (losses) from available-for-sale financial assets	(913,392)	459,671
Other comprehensive income from investment of associates and joint ventures under equity method	30,479	(3,080)
That subsidiaries purchased shares of parent company deemed as treasury stock transaction	249,995	-
Actual acquisition or disposal of the shares of the subsidiaries (Note)	(1,925,872)	-
Subsidiaries equity change	44,662,948	99,668
Cash dividends distributed by the subsidiaries	(180,363)	(914,297)
Balance as of December 31,	$56,243,021	$18,312,703

(Note: The amount resulted from the expected increase in CPT's shareholding percentage in connection with Compal Electronics, Inc. arbitration appeal. Please refer to Note 9 (5) (f) for more details.)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(27) Share-based payment plans

Employees of the Group are entitled to share-based payment as part of their remunerations; employees provide services in consideration of the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

The expense recognized for employee services received during the years ended December 31, 2016 and 2015, is shown in the following table:

	For the years ended December 31,	
	2016	2015
Total expense arising from equity-settled share-based payment transactions	$-	$1,664

(28) Operating revenue

	For the years ended December 31,	
	2016	2015
Sale of goods	$73,947,703	$79,957,012
Less: sales returns, discounts and allowances	(1,209,299)	(1,922,195)
Subtotal	72,738,404	78,034,817
Revenue from sale of properties (included lands and buildings)	23,127	1,857,147
Revenue arising from rendering of services and construction contract	3,068,862	3,552,519
Other operating revenues	1,847,232	1,274,701
Total	$77,677,625	$84,719,184

(29) Operating leases

Operating lease commitments – the Group as lessee

The Group entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of three to five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2016 and December 31, 2015 are as follows:

	As of December 31,	
	2016	2015
Not later than one year	$642,114	$341,159
Later than one year and not later than five years	1,323,968	509,957
Later than five years	157,983	155,291
Total	$2,124,065	$1,006,407

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2016	2015
Minimum lease payments	$514,264	$603,265
Contingent rents	-	-
Total	$514,264	$603,265

The commercial leases on items of machinery also contain contingent rent clauses; the lessee has to make contingent rent payment calculated on a basis of a specified percentage over the monthly sales revenue.

Operating lease commitments – the Group as lessor

The Group entered into commercial property leases with remaining terms of between five and twenty years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2016 and December 31, 2015 are as follows:

	As of December 31,	
	2016	2015
Not later than one year	$343,721	$365,439
Later than one year and not later than five years	769,424	1,162,787
Later than five years	382,218	1,238,157
Total	$1,495,363	$2,766,383

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

There was no contingent rent recognized as income for the years ended December 31, 2016 and December 31, 2015, respectively.

(30) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2016 and 2015:

	For the years ended December 31,					
	2016			2015		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$6,004,455	$4,989,645	$10,994,100	$7,216,157	$4,831,696	$12,047,853
Labor and health insurance	500,226	409,308	909,534	624,965	420,437	1,045,402
Pension	298,691	283,888	582,579	446,775	265,393	712,168
Other employee benefits expense	239,605	273,576	513,181	313,517	334,944	648,461
Depreciation	7,243,536	1,115,740	8,359,276	8,819,942	1,164,127	9,984,069
Amortization	35,037	351,125	386,162	48,504	376,030	424,534

The Company resolved in its shareholder's meeting on June 17, 2016 to amend its Articles of Incorporation, stating that if there is a profit, the Company should set aside employee compensation of no less than 1% of the profit and board member compensation of no more than 2%. When the Company suffers an accumulated deficit, the profit should be retained to recover the deficit. The employee compensation should be paid out by shares or cash, and should be resolved in the board of directors' meeting, with two thirds of the board members present and over half of the present members' approval. Information of the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company suffered net loss in 2016 and thus did not estimate employee compensation and remuneration for the directors and supervisors.

As of December 31, 2015, there were unrecovered special reserves. Therefore, the Company did not estimate employee compensation and remuneration for the directors and supervisors.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(31) Non-operating income and expenses

(a) Other income

	For the years ended December 31, 2016	For the years ended December 31, 2015
Dividend income	$52,487	$59,003
Interest income	955,510	907,202
Others	1,978,623	1,596,710
Total	$2,986,620	$2,562,915

(b) Other gains and losses

	For the years ended December 31, 2016	For the years ended December 31, 2015
Gains on disposal of property, plant and equipment	$420,498	$1,784,731
Gains on disposal of investments	2,482,191	119,400
Foreign exchange gains, net	946,326	19,152
Gains (losses) on financial assets / financial liabilities at fair value through profit or loss	151,313	272,996
Impairment losses from financial assets	(50,362)	-
Impairment losses from non-financial assets	(742,690)	(484,336)
Loss from disposal of held-for-sale non-current assets	(4,082)	-
Excise tax dispute loss	-	(385,188)
Other gains and losses	(1,042,726)	(827,827)
Total	$2,160,468	$498,928

(c) Finance costs

	For the years ended December 31, 2016	For the years ended December 31, 2015
Interest on borrowings from bank	$4,203,495	$4,150,248
Interest on bonds payable	9,215	29,082
Other	81,259	74,530
Total finance costs	$4,293,969	$4,253,860

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(32) Components of other comprehensive income

For the year ended December 31, 2016:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit (expense) relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$338,426	$-	$338,426	$(10,341)	$328,085
Equity related to non-current assets held-for-sale	(4,110)	-	(4,110)	-	(4,110)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	466	-	466	-	466
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(3,559,383)	-	(3,559,383)	257,739	(3,301,644)
Unrealized gains (losses) from available-for-sale financial assets	1,643,408	(2,555,931)	(912,523)	128,762	(783,761)
Equity related to non-current assets held-for-sale	(215,067)	-	(215,067)	-	(215,067)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(125,581)	-	(125,581)	-	(125,581)
Total of other comprehensive income	$(1,921,841)	$(2,555,931)	$(4,477,772)	$376,160	$(4,101,612)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

For the year ended December 31, 2015:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit (expense) relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(62,040)	$-	$(62,040)	$7,306	$(54,734)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,382)	-	(1,382)	-	(1,382)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(1,592,691)	-	(1,592,691)	200,338	(1,392,353)
Unrealized gains (losses) from available-for-sale financial assets	187,887	(13,824)	174,063	(29,386)	144,677
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(29,252)	-	(29,252)	-	(29,252)
Total of other comprehensive income	$(1,497,478)	$(13,824)	$(1,511,302)	$178,258	$(1,333,044)

(33) Income tax

The major components of income tax expense (income) are as follows:

<u>Income tax expense (income) recognized in profit or loss</u>

	For the years ended December 31,	
	2016	2015
Current income tax expense :		
Current income tax charge	$1,470,686	$1,592,777
Adjustments in respect of current income tax of prior periods	(22,719)	(72,446)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	176,912	48,993
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(221,858)	(96,499)
Deferred tax liability write-off	(103,254)	(344,658)
Total income tax expense	$1,299,767	$1,128,167

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2016	2015
Deferred tax expense (income):		
Exchange differences resulting from translating the financial statements of a foreign operation	$(257,739)	$(200,338)
Unrealized gains (losses) from available-for-sale financial assets	(128,762)	29,386
Actuarial (gains) losses on defined benefits plan	10,341	(7,306)
Income tax relating to components of other comprehensive income	$(376,160)	$(178,258)

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2016	2015
Accounting loss before tax from continuing operations	$(2,206,487)	$(10,082,870)
Tax at the domestic rates applicable to profits in the country concerned	$(532,449)	$(1,777,478)
Tax effect of revenues exempt from taxation	124,941	92,367
Tax effect of expenses not deductible for tax purposes	231,323	534,207
Tax effect of deferred tax assets/liabilities	1,346,646	2,198,147
10% surtax on undistributed retained earnings	-	494
Adjustments in respect of current income tax of prior periods	(22,719)	(72,446)
Alternative Minimum Tax Act	-	-
Others	152,025	152,876
Total income tax expense recognized in profit or loss	$1,299,767	$1,128,167

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2016:

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Reclassified to held-for-sale	Ending balance
Temporary differences						
Deferred tax assets						
Revaluations of available-for-sale investments to fair value	$313,538	$-	$128,762	$-	$-	$442,300
Impairment on property, plant and equipment	31,065	(31,065)	-	-	-	-
Gain on disposal of property, plant and equipment	57,774	(57,774)	-	-	-	-
Loss from investment accounted for using the equity method	431,431	(6,969)	-	-	-	424,462
Unrealized intragroup profits and losses	11,844	1,883	-	-	(604)	13,123
Provisions	76,074	(32,443)	-	-	-	43,631
Accrued pension liabilities	38,905	(5,919)	1,736	-	-	34,722
Allowance for doubtful accounts	165,678	14,854	-	(4,118)	-	176,414
Unrealized loss on market decline of inventories	83,503	64,876	-	(5,915)	(25,797)	116,667
Employee benefits	4,374	(293)	-	-	-	4,081
Impairment on prepayments	14,034	-	-	-	-	14,034
Impairment on non-current assets held for sale	1,861	(1,861)	-	-	-	-
Other	364,005	(306,916)	-	(15,986)	(3,621)	37,482
Unused tax losses	1,147,511	221,858	-	(55,788)	-	1,313,581
Subtotal	2,741,597	(139,769)	130,498	(81,807)	(30,022)	2,620,497
Deferred tax liabilities						
Profit from investments accounted for using the equity method	(869,290)	247,199	-	-	-	(622,091)
Unrealized (gain) loss on foreign exchange	(32,243)	(199,793)	-	-	4,547	(227,489)
Exchange differences resulting from translating the financial statements of a foreign operation	(565,254)	(1,377)	257,738	-	-	(308,893)
Reserve for land revaluation	(5,420,909)	103,254	-	-	-	(5,317,655)
Other	(184,479)	138,686	(12,076)	-	-	(57,869)
Subtotal	(7,072,175)	287,969	245,662	-	4,547	(6,533,997)
Deferred tax (expense)/income		$148,200	$376,160	$(81,807)	$(25,475)	
Net deferred tax assets/(liabilities)	$(4,330,578)					$(3,913,500)
Reflected in balance sheet as follows:						
Deferred tax assets	$2,741,597					$2,620,497
Deferred tax liabilities	$(7,072,175)					$(6,533,997)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

For the year ended December 31, 2015

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Deferred tax assets					
Revaluations of available-for-sale investments to fair value	$342,924	$-	$(29,386)	$-	$313,538
Impairment on property, plant and equipment	207,912	(176,847)	-	-	31,065
Gain on disposal of property, plant and equipment	-	57,774	-	-	57,774
Loss from investments accounted for using the equity method	411,227	20,204	-	-	431,431
Unrealized intragroup profits and losses	19,604	(7,760)	-	-	11,844
Provisions	84,528	(8,454)	-	-	76,074
Accrued pension liabilities	32,249	(170)	6,826	-	38,905
Allowance for doubtful accounts	202,084	(31,852)	-	(4,554)	165,678
Unrealized loss on market decline of inventories	124,707	(30,585)	-	(10,619)	83,503
Employee benefits	4,547	(173)	-	-	4,374
Impairment on prepayments	25,054	(11,020)	-	-	14,034
Impairment on non-current assets held for sale	-	1,861	-	-	1,861
Other	360,658	128	10,047	(6,828)	364,005
Unused tax losses	1,061,444	96,499	-	(10,432)	1,147,511
Subtotal	2,876,938	(90,395)	(12,513)	(32,433)	2,741,597
Deferred tax liabilities					
Profit from investments accounted for using the equity method	(1,039,158)	169,868	-	-	(869,290)
Unrealized gain (loss) on foreign exchange	17,980	(50,223)	-	-	(32,243)
Exchange differences resulting from translating the financial statements of a foreign operation	(756,025)	-	190,771	-	(565,254)
Reserve for land revaluation	(5,765,567)	344,658	-	-	(5,420,909)
Other	(202,735)	18,256	-	-	(184,479)
Subtotal	(7,745,505)	482,559	190,771	-	(7,072,175)
Deferred tax (expense)/income		$392,164	$178,258	$(32,433)	
Net deferred tax assets/(liabilities)	$(4,868,567)				$(4,330,578)
Reflected in balance sheet as follows:					
Deferred tax assets	$2,876,938				$2,741,597
Deferred tax liabilities	$(7,745,505)				$(7,072,175)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of December 31, 2016	Unused tax losses as of December 31, 2015	Expiration year
2016	$4,749,088	$4,173,436	$-	2026
2015	13,331,559	12,904,939	10,433,378	2025
2014	7,940,639	7,152,419	7,695,229	2024
2013	5,299,008	4,971,561	5,202,427	2023
2012	14,936,942	14,474,170	14,486,743	2022
2011	13,378,012	12,240,074	12,791,442	2021
2010	18,566,636	18,202,239	18,202,239	2020
2009	33,354,197	33,078,275	33,199,308	2019
2008	4,446,296	4,446,296	4,446,296	2018
2007	923,774	771,782	795,408	2017
	$116,926,151	$112,415,191	$107,252,470	

Details of the Group's unused tax credit are as follows:

Laws and regulations	Items	Unused balance as of December 31, 2016	Unused balance as of December 31, 2015	Expiration year
The Act for Upgrading Industries	Investment tax credit relates to investing in certain industries in certain areas	$-	$22,377	2017
The Act for Upgrading Industries	Emerging, important and strategic industries	-	48,299	2015
		$9,449	$80,125	

Unrecognized deferred tax assets

As of December 31, 2016 and December 31, 2015, the Group's unrecognized deferred tax assets amounted to NTD 22,420,962 thousand and NTD 22,374,667 thousand, respectively, as the Group may not incur any taxable income in the related period.

Imputation credit information

	As of December 31, 2016	As of December 31, 2015
Balances of imputation credit amounts	$1,457,642	$1,443,132

The actual creditable ratio for 2016 and 2015 both were 0%.

The Company's earnings generated in the year ended December 31, 1997 and prior years have been fully appropriated.

The assessment of income tax returns

As of December 31, 2016, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns by tax authorities
The Company	Assessed and approved up to 2012
Subsidiary-SCAD	Assessed and approved up to 2012
Subsidiary-CPT	Assessed and approved up to 2014
Subsidiary-SCSC	Assessed and approved up to 2014
Subsidiary-FD	Assessed and approved up to 2014
Subsidiary-TSTI	Assessed and approved up to 2014
Subsidiary-TFC	Assessed and approved up to 2014

(34) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31	
	2016	2015
Basic and diluted earnings (loss) per share:		
Loss attributable to ordinary equity holders of the Company (in thousands of NTD)	$(2,343,945)	$(3,075,015)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in thousands)	2,259,391	2,268,605
Basic and diluted loss per share	$(1.03)	$(1.35)

There were no other transactions involving ordinary shares or potential ordinary shares between the balance sheet date and the issuance date of the financial statements.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(35) Changes in parent's interest in subsidiaries

Information of derecognition of subsidiaries:

(a) Consideration of disposal

Please refer to Note 6 (11) for estimated consideration regarding the disposal of Taiwan Telecommunication Investments Limited.

(b) Analysis of assets and liabilities of losing control

	As of December 31, 2015
Current assets	
Cash and equivalents	$72,899
Debt instrument investments for which no active market exists	95,675
Account receivable	21,123
Other receivable	1,168
Inventory	30
Advanced receipts	793
Non-current asset	
Investments accounted for using the equity method	122,010
Property, plant and equipment	13,507
Other	5,178
Current liabilities	
Short-term borrowings	-
Account payable	(20,377)
Other payables	(168)
Others	2,264
Non-current liabilities	
Deposits received	-
Net derecognition assets	$314,102

(c) Gain on derecognition of subsidiary

	2015
Fair value of investment retained	$240,660
Less：Book value of investment retained	
Net derecognition assets	314,102
Non-controlling interest	(73,442)
	240,660
Gain on derecognition of subsidiary	$-

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(d) Cash flow of derecognition of subsidiary

	As of December 31, 2015
Balance of Cash and equivalents of derecognition	$72,899

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

Kornerstone Materials, a subsidiary of CPT, held a capital injection amounting to RMB 1,500,000 thousand in 2016. However, CPTF Optronics Co., Ltd and CPTTG failed to acquire new shares proportionate to their ownership interests, which resulted in changes in ownership interest of CPTF Optronics Co., Ltd and CPTTG in its subsidiaries amounting to NTD (61,579) thousand. The change was recognized as a deduction of retained earnings and capital reserve amounting to NTD 19,901 thousand and NTD 41,678 thousand, respectively, in each company.

CPTTG held a capital injection in the third quarter of 2016 in the amounted of RMB 10,000,000 thousand. The CPT group didn’t acquire new shares proportionate to its ownership interests, which resulted in changes in ownership interest of subsidiaries amounting to NTD 9,052,994 thousand, and was recognized as an addition of capital reserve.

Kornerstone Materials, a subsidiary of CPT, held a capital injection amounting to RMB 300,000 thousand in 2015. However, CPTF Optronics Co., Ltd and CPTTG didn’t acquire new shares proportionate to their ownership interests, which resulted in changes in ownership interest of CPTF Optronics Co., Ltd and CPTTG in its subsidiaries amounting to NTD (53,189) thousand. The change was recognized as a deduction of retained earnings in each company.

Acquisition of shares issued by subsidiaries

CPT transferred its 41.03% shares in CPTL to the Company in the second quarter of 2016. The shareholding percentage of CPT towards CPTL decreased from 100% to 58.97%. The payment CPT received amounted to NTD 968,560 thousand. The net asset book value of investment in CPTL under the equity method amounted to NTD 500,711 thousand. The accumulated other comprehensive income adjustment was NTD 141,747 thousand. Therefore, the difference between the actual acquisition or disposal price and the book value, amounting to NTD 609,596 thousand, was recognized under the equity section in CPT’s book.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

CPTB and CPTL, subsidiaries of CPT, transferred their shares of CPTW to CPTTG(L) in the first quarter of 2016. CPTB and CPTL recognized changes in ownership in subsidiaries amounting to NTD 73,999 thousand in their related equity accounts.

CPTB and CPTL, subsidiaries of CPT, transferred their shares of Chunghwa Pictures Display Technology (Fujian) to CPTTG in the third quarter of 2015. CPTB and CPTL recognized changes in ownership in subsidiaries amounting to NTD (17,592) thousand in their related equity accounts.

CPTB, a subsidiary of CPT, transferred its voting rights of CPTF Optronics Co., Ltd. to Chunghwa Pictures Display Technology (Fujian) and CPTW in the third quarter of 2015. The total equity changes amounting to NTD 82,663 thousand of CPTB, CPTL, Chunghwa Pictures Display Technology (Fujian), CPTW and CPTTG was recognized in their related equity accounts.

The above equity charges recognized by subsidiaries were then recognized by the Company according to it’s combined proportion of ownership interest over these subsidiaries.

(36) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

		For the years ended December 31,	
Name	Country of Incorporation and operation	2016	2015
CPT Group	Taiwan	58.75%(Note)	76.87%
SCSC Group	Taiwan	41.82%	41.82%

The holding percentage mentioned above is disclosed as the comprehensive holding percentage. Both of the companies mentioned above own subsidiaries, and thus the financial information mentioned below is consolidated financial information.

(Note: Please refer to Note 9 (5) (f) for more details about the decrease of non-controlling equity interest in connection with Compal Electronics, Inc. arbitration appeal)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Accumulated balances of material non-controlling interest:

	As of December 31,	
	2016	2015
CPT Group	$51,500,482	$11,474,904
SCSC Group	4,961,450	6,054,761

Profit/(loss) allocated to material non-controlling interest:

	For the years ended December 31,	
	2016	2015
CPT Group	$881,311	$(6,488,217)
SCSC Group	(716,624)	(901,527)

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss for the year ended December 31, 2016:

	CPT Group	SCSC Group
Operating revenue	$33,069,645	$15,637,691
Profit (loss) for the period from continuing operations	(861,520)	(1,400,665)
Total comprehensive income for the period	$(4,106,299)	$(1,528,086)

Summarized information of profit or loss for the year ended December 31, 2015:

	CPT Group	SCSC Group
Operating revenue	$37,294,542	$15,807,590
Profit or loss for the period from continuing operations	(8,857,013)	(2,155,032)
Total comprehensive income for the period	$(9,306,774)	$(2,434,990)

Summarized information of financial position as of December 31, 2016:

	CPT Group	SCSC Group
Current assets	$92,655,354	$4,796,509
Non-current assets	48,786,306	12,897,266
Current liabilities	72,197,190	9,642,466
Non-current liabilities	13,093,841	1,715,387

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Summarized information of financial position as of December 31, 2015:

	CPT Group	SCSC Group
Current assets	$46,134,182	$7,788,597
Non-current assets	53,764,886	14,665,754
Current liabilities	68,403,461	12,900,931
Non-current liabilities	19,186,379	1,719,606

Summarized cash flow information for the year ended December 31, 2016:

	CPT Group	SCSC Group
Operating activities	$2,050,874	$1,689,759
Investing activities	(31,384,645)	(234,393)
Financing activities	50,894,600	(2,688,026)
Net increase/(decrease) in cash and cash equivalents	20,860,581	(1,311,127)

Summarized cash flow information for the year ended December 31, 2015:

	CPT Group	SCSC Group
Operating activities	$(1,948,316)	$3,431,222
Investing activities	(5,981,731)	(344,475)
Financing activities	7,068,072	(2,288,465)
Net increase/(decrease) in cash and cash equivalents	(1,316,489)	781,882

(37) Significant purchase agreements of technology and materials

Contracting party	The term of the contract	The content of repayment
Technology agreement		
Samsung Display Co., Ltd. (SDC)	January 2014 | December 2023	1. CPT is authorized to use patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Mitsubishi Electric Corporation (MELCO)	July 2015 | June 2020	1. CPT is authorized to use patent. 2. CPT is required to pay royalty fees based on a pre-determined percentage of net sales of the related products for continuing use of exclusive technology.
Sharp Corporation	January 2016 | June 2019	1. CPT is authorized to use patent. 2. The Company is required to pay royalty fees during the effective period of the contract.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Contracting party	The term of the contract	The content of repayment
Japan Display Inc.	January 2010 ~ December 2016	1. CPT is authorized to use patent. 2. The Company is required to pay royalty fees during the effective period of the contract. 3. CPT is required to pay royalty fees based on a pre-determined percentage of net sales of the related products for continuing use of exclusive technology.
Japan Display Inc. (TMD)	March 2012 ~ February 2017	1. CPT is authorized to use patent. 2. CPT is required to pay royalty fees based on a pre-determined percentage of net sales of the related products for continuing use of exclusive technology.
LG. Display Co., Ltd.	March 2015 ~ March 2022	1. CPT is authorized to use patent. 2. CPT is required to pay royalty fees based on a pre-determined percentage of net sales of the related products for continuing use of exclusive technology.
Semiconductor Energy Laboratory Co., Ltd (SEL)	January 2009 ~ December 2018	1. CPT is authorized to use patent. 2. CPT is required to pay royalty fees based on a pre-determined percentage of net sales of the related products for continuing use of exclusive technology.
Hydis Technology Co., Ltd.	November 2012 ~ October 2022	1. CPT is authorized to use patent. 2. CPT is required to pay royalty fees based on a pre-determined percentage of net sales of the related products for continuing use of exclusive technology.
Industrial Technology Research Institute	August 5, 2015 ~ August 4, 2030	1. The Company is authorized to use the patent. 2. The Company is required to pay licensing fees on installment basis in the effective period. 3. The Company is required to pay licensing fees according to a specific proportion of the product's selling price.
<u>Purchase agreement of materials</u>		
Corning Display Technologies Taiwan Co., Ltd (Corning Taiwan)	April 2005 ~ December 2016	1. Corning Taiwan will guarantee to supply materials of TFT-LCD to CPT. 2. CPT is required to make prepayments on installment basis to Corning Taiwan to be deducted from subsequent purchase.

Please refer to Note 9 for other purchase agreements.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

7. Related party transactions

Significant related party transactions

(1) Sales (including leasing revenue)

	For the years ended December 31, 2016	2015
Entity with joint control or significant influence over the Company	$52,140	$41,538
Associates	78,623	848,238
Other related parties	325,093	554,719
Total	$455,856	$1,444,495

(a) The Company

The sales price to related parties was determined through mutual agreement based on market conditions. The collection terms for domestic related parties were 90 days, equivalent to those for domestic third parties; the collection terms for foreign related parties were 30-180 days, equivalent to these for foreign third parties.

(b) Significant subsidiaries

There were no significant differences between selling prices to related parties and prices to arm's length customers. The comparison of collection terms between related parties and arm's length customers is summarized as follows:

		For the years ended December 31, 2016		2015	
Company	Region	Related parties	General supplier	Related parties	General supplier
CPT and its subsidiaries	Overseas	O/A 30-90 days	Cash payment with 120 days	O/A 30-90 days	Cash payment with 120 days
	Domestic	O/A 30-90 days	Cash payment with 60 days L/C 30-75 days at sight	O/A 30-90 days	Cash payment with 60 days L/C 30-75 days at sight
SCSC and its sub-subsidiaries	Overseas	O/A 60-90 days	O/A 30-90 days	O/A 60-90 days	O/A 30-90 days
	Domestic	O/A 30-120 days	O/A 45-60 days	O/A 30-120 days	O/A 45-60 days
FD and its subsidiaries	Overseas	O/A 30-150 days	O/A 60-150 days Or L/C SIGHT	O/A 30-150 days	O/A 60-150 days Or L/C SIGHT
	Domestic	O/A or TT 30-150 days	O/A 30-120 days	O/A or TT 30-150 days	O/A 30-120 days
Tatung System Technologies Inc. and its subsidiaries	Overseas	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days
	Domestic	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(2) Purchase

	For the years ended December 31,	
	2016	2015
Entity with joint control or significant influence over the Company	$-	$239
Associates	13,530	23,905
Other related parties	3,011	36,965
Total	$16,541	$61,109

(a) <u>The Company</u>

The purchase price from related parties was determined through mutual agreement based on market conditions. The payment terms to related parties and third parties for domestic purchases were both net 30-150 days, while the terms for overseas purchases were both net 30-120 days.

(b) <u>Significant subsidiaries</u>

There are no significant differences between purchasing prices from related parties and prices to arm's length suppliers. The comparison of payment terms between related parties and arm's length suppliers is summarized as follows:

		For the years ended December 31,			
		2016		2015	
Company	Region	Related parties	General supplier	Related parties	General supplier
CPT and its subsidiaries	Overseas	T/T 30-360 days	L/C 30-180 days T/T 30-360 days	T/T 30-360 days	L/C 30-180 days T/T 30-360 days
	Domestic	30-90 days after QC	30-210 days after QC	30-90 days after QC	30-210 days after QC
FD and its subsidiaries	Overseas	T/T 30-150 days after QC or DA 120 days	T/T or L/C 30-150 days after QC	T/T 30-150 days after QC or DA 120 days	T/T or L/C 30-150 days after QC
	Domestic Overseas	30-120 days after QC	30-120 days after QC	30-120 days after QC	30-120 days after QC
Tatung System Technologies Inc. and its subsidiaries	Domestic	30-60 days after QC	30-60 days after QC	30-60 days after QC	30-60 days after QC
	Overseas	O/A 60-90 days	O/A 30-120 days	O/A 60-90 days	O/A 30-120 days

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(3) Accounts receivable – related parties

	As of December 31, 2016	As of December 31, 2015
Entity with joint control or significant influence over the Company	$3,086	$227
Associates	7,497	12,309
Other related parties	12,072	67,767
Net	$22,655	$80,303

(4) Others receivable – related parties (current or non-current)

	As of December 31, 2016	As of December 31, 2015
Entity with joint control or significant influence over the Company	$137	$7
Associates	2,351	2,658
Other related parties	-	-
Net	2,488	2,665
Non-current portion	(418)	(417)
Current portion	$2,070	$2,248

(5) Accounts payable – related parties

	As of December 31, 2016	As of December 31, 2015
Entity with joint control or significant influence over the Company	$6	$9
Associates	12,237	17,844
Other related	-	-
Total	$12,243	$17,853

(6) Other payable

	As of December 31, 2016	As of December 31, 2015
Financing payable (detail list as below)	$464,433	$504,993
Entity with joint control or significant influence over the Company	527	$653
Associates	3,017	1,749
Other related parties	4,945	15,004
Total	$472,922	$522,399

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Related Party	2016.1.1~12.31 Maximum Balance	Maximum Balance Date	2016.12.31	Interest Rate	Interest Expense
Related party of the Group	$464,433	2016.12.31	$464,433	5.5%	$27,024

Related Party	2015.1.1~12.31 Maximum Balance	Maximum Balance Date	2015.12.31	Interest Rate	Interest Expense
Related party of the Group	504,993	2015.12.31	$504,993	5.5%~8.0%	$17,752

(7) Plants and Office leased – related parties

	For the years ended December 31,	
	2016	2015
Entity with joint control or significant influence over the Company	$45,157	$35,481
Associates	11,534	12,065
Other related	9,475	10,324
Total	$66,166	$57,870

(8) Compensation of key management personnel

	For the years ended December 31,	
	2016	2015
Short-term employee benefits	$155,887	$157,816
Post-employment benefits	2,177	2,417
Termination benefits	-	-
share-based payment awards	-	305
Total	$158,064	$160,538

(9) The chairman of Tatung Company, Wei-Shan Lin, guaranteed part of the bank loans for the Company and its subsidiaries.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

8. Assets pledged as collateral

The following table lists assets of the Group pledged as collateral:

	Carrying amounts as of December 31,		
	2016	2015	Purpose of the pledge
Land	$5,078,113	$3,970,213	Loans
Buildings	15,870,147	19,233,317	Loans
Lease improvement	1,065,865	931,373	Loans
Machines and other Equipment	5,557,296	5,859,586	Loans
Debt instrument investments for which no active market exists	26,735,028	21,763,337	Various guarantees
Financial assets at fair value through profit or loss shares-capital-guaranteed financial products	325,429	721,666	Performance guarantee
Investments accounted for under the equity method	5,272,623	2,303,290	Loans
Other non-current assets – deposit-out	48,641	42,061	Lawsuit deposits
Rent prepaid (current and non-current)	372,598	312,311	Loans
Available-for-sale financial assets - shares	570,615	2,111,302	Loans, performance guarantee
Accounts receivable	5,661	18,873	Loans
Inventory	1,392,915	2,049,421	Loans, lawsuits of constructions
Non-current assets held for sale			
Debt instrument investments for which no active market exists, current	33,450	-	All Margins
Property, plant and equipment-building	1,781,296	-	Loans
Property, plant and equipment-land	1,606,878	-	Loans
Total	$65,716,555	$59,316,750	

In addition to the pledged assets mentioned above, the Company pledged stocks of subsidiaries for bank loans and financing loans.

9. Commitments and contingencies

(1) Promissory notes issued by the Group and subsidiaries to secure bank loans, construction performance bond and tariff guarantee amounted to USD 13,000 thousand and NTD 37,585,849 thousand.

(2) The Company and its subsidiaries' unused letters of credit for importing raw materials and machinery amounted to USD 13,695 thousand, JPY 9,156 thousand, RMB 4,324 thousand, EUR 5,870 thousand and NTD 54,224 thousand.

(3) Performance bond issued by financial institutions amounted to USD 663 thousand, EUR 171 thousand and NTD 2,551,228 thousand.

(4) Collaterals for account receivable factoring amounted to USD 1,000 thousand. Collaterals for financing amounted to NTD 1,035,000 thousand.

(5) As of December 31, 2016, the Company had commitments and contingencies as follows:

(a) The Company applied to Mega International Commercial Bank and Bank of Taiwan for a credit line to be issued for Tatung Co., of Japan, Inc. The promissory notes of credit amounted to NTD 972,400 thousand and NTD 800,000 thousand.

The Company applied to Industrial Bank of Taiwan, Taipei Fubon Bank and Far Eastern International Bank for credit lines to be issued for CPT, amounting to NTD 1,000,000 thousand, NTD 500,000 thousand and NTD 1,500,000 thousand, respectively.

(b) King Pro Group ("King Pro") and Ka Hung Exhibition Co., Ltd. ("Ka Hung") contracted with the Company as subcontractors to construct part of the Talin Power Plant, for which tender the Company contracted with Kai Yuan Construction Co., Ltd. However, King Pro and Ka Hung failed to complete the construction upon deadline and both parties claimed to terminate the contract. King Pro and Ka Hung claimed that the Company had not paid construction examination fees, prepayments and advances and filed an action against the Company to claim NTD 23,610 thousand. A preliminary proceeding was scheduled on April 19, 2016. In addition, the Company filed for provisional seizure against King Pro and Ka Hung on March 21, 2016 and planned to claim indemnities resulted from advances and contract termination after receiving the ruling of the provisional seizure. The next trial date is May 10, 2017.

(c) United Aerotech System Corporation filed a legal action against the Company on January 6, 2010, claiming payments of consultant fees amounting to NTD 1.49 million. The court of first and second instance ruled in favor of the Company but United Aerotech System Corporation appealed. United Aerotech System Corporation claimed a higher amount of NTD2 million in the oral arguments. This case is now in the remand second instance and the result of the trial is uncertain. United Aerotech System Corporation did not file an action against the remaining balance, and both courts in the first and second instance found the evidence supporting the claim in the amount of NTD 60 million to be invalid. United Aerotech System Corporation filed a legal action of third instance on March 29, 2014. The Company received remand judgment from the Supreme Court on November 5, 2014. The court ruled in favor of the Company in the remanded second instance, and thus the Company did not have to pay any fees. United Aerotech System Corporation filed an appeal to the third instance, and the Company has appointed professional attorneys to handle the issue. In addition, United Aerotech System Corporation did not file a suit against the balance amounting to NTD 60,000 thousand. The court has ruled in the first and second instances that the basis of the calculation of the NTD 60,000 thousand was invalid.

(d) The Company engaged in a construction project with Taiwan Railways Administration, MOTC (“Taiwan Railways”). There is still a dispute regarding the overdue fine charged by Taiwan Railways as the Company didn’t complete the project in time, and the Company plans to hire an attorney to file a mediation to the Public Construction Commission.

(e) Yung Loong Engineering Corp. (Yung Loong) engaged in the construction project “BI-HAI machinery installing project” with the Company, however, Yung Loong claimed that the Company’s power generation set was defective and caused delay in the construction. Therefore, Yung Loong claimed payment of NTD 56,997 thousand from the Company. After failing a mediation on July 22, 2014, the action is pending at the court of first instance. Yung Loong requested for an appraisal for the items in dispute on court. The appraisal report was filed on February 21, 2017 and an application for examination has been filed to the court.

(f) Compal Electronics, Inc. (“Compal”) made a public announcement on March 29, 2013 to request the Company to purchase the CPT shares held by Compal and it filed for arbitration to the Arbitration Association of the Republic of China. The Company received the arbitration appeal submitted by Compal from the Association on April 3, 2013. An arbitration tribunal was formed on August 20, 2013.

The Company received the arbitration award 102-Chung-Sheng-He-Zi No. 25 Arbitration Judgment, from the Arbitration Association of the Republic of China on May 19, 2014. The main context is as follows:

j The counterparty (“the Company”) shall make a payment to the petitioner (“Compal”) for NTD 2,118,607 thousand. The first payment of NTD 718,607 thousand shall be paid within a month after the arbitration award is delivered to the counterparty. The second payment of NTD 700,000 thousand shall be paid within four months after the arbitration award is delivered to the counterparty. The third payment of NTD 700,000 thousand shall be paid within seven months after the arbitration award is delivered to the counterparty. In addition, the Company shall pay the interest at an annual rate of 5% from April 3, 2013 to full repayment day.
k Petitioner shall deliver the private shares for the corresponding payment for 374,274,704 shares, 364,583,334 shares and 364,583,333 shares.
l Other claims from Compal are dismissed.
m Two thirds of the arbitration fees shall be borne by the petitioner while the rest is borne by the counterparty.

The Company issued requests to Compal for acknowledging the payments (i.e., NTD718,607 thousand, NTD700,000 thousand and NTD700,000 thousand) while Compal delivers the corresponding numbers of shares (374,274,704 shares, 364,583,334 shares and 364,583,333 shares) on June 17, 2014, September 12, 2014 and December 14, 2014. However, Compal neither accepted the payments nor handed over the shares. In addition, Compal filed an action at the Taiwan Taipei District Court to enforce the arbitration mentioned above. On July 31, 2014, the Company had received 2014 Zhong-Zhi-Zi No. 3 Civil Judgment, which granted the compulsory enforcement of the arbitration award on July 28, 2014. The Company has not received the order of the compulsory enforcement from Taiwan Taipei District Court.

On June 13, 2014, Compal filed an action at Taiwan Taipei District Court to revoke the unfavorable part of the arbitration award. The case was ruled by Taiwan Taipei District Court in 2014 Zhong-Zhi-Zi No. 4 Civil Judgment which revoked Compal’s filing and demanded Compal to pay all the litigation costs. Compal appealed and the case was handled by their attorneys. The case was ruled by Taiwan High Court and the oral arguments ended on March 8, 2016. On March 29, 2016, Taiwan High Court ruled to revoke the appeal of Compal. However, Compal appealed to the Supreme Court in May 2016. On December 21, 2016, the Supreme Court held the oral arguments and ruled on January 11, 2017 to revoke the appeal of Compal. After this ruling, Compal cannot continue to argue against the mediation.

In addition, the Company estimated and recorded payment in the amount of NTD 2,285,522 thousand as a result of the mediation. The amount was recognized as a decrease of non-controlling interest and an increase of other payables. The shareholding percentage increased by 17.03% accordingly. Both parties settled on February 9, 2017. The representatives of both parties were present to confirm accuracy of the stock transferred and payments and then signed a memorandum.

(g) The Company and Toshiba Electronics Components Taiwan Corporation ("Toshiba") signed a contract regarding "the purchase and the assembly of motor and fan of the Taiwan Railways TILTING train and EMU800 train". The Company completely followed the blueprint of Toshiba, but Toshiba claimed that the products were faulty and claimed damages amounting to NTD 58,125 thousand, requiring the Company to pay such damages. On October 12, 2016, the Company has appointed an attorney to file for arbitration to the Arbitration Association of the Republic of China On March 20, 2017, the first arbitration inquiry was held. The second arbitration inquiry will be held on April 27, 2017.

(6) As of December 31, 2016, CPT and its subsidiaries had commitments and contingencies as follows:

Material litigation

<u>Lawsuits related to patent</u>

Eidos Display, LLC and Eidoes III, LLC filed a patent infringement action in the United States District Court of Texas against the Company and three other Taiwanese LCD companies in April 2011. CPT has engaged United States attorneys to defend the case.

<u>Other litigations</u>

Regarding violation of antitrust laws, CPT paid fines with respect to the verdicts of the US Department of Justice (DOJ), European Commission (EC) and the Korean Fair Trade Commission (KFTC) from 2008 to 2012. Japan Fair Trade Commission (JFTC), Canadian Competition Bureau (CCB), and the Taiwan Fair Trade Commission terminated investigations after 2009. Regarding civil actions, CPT settled with HP, Bestbuy, Costco, Home Depot, Target, TracFone, and nine plaintiffs represented by Boise Schiller, in the opt-out action and civil class action filed by state prosecutors in the U.S. In addition, CPT also settled the civil class actions filed by state prosecutors in Oklahoma and South Carolina. The Company has engaged professional attorneys to handle other litigations prudently.

In July 2016, ASUS Corporation and AmTran Corporation filed civil actions against CPT and several other panel manufacturers to the Taipei District Court. CPT has retained professional attorneys to handle the litigations prudently.

Regarding the antitrust cases under the official investigation in various countries, including the Japanese Fair Trade Commission, Korean Fair Trade Commission ("KFTC") and European Commission, CPT had been cooperative with the investigations. The Company was not subject to any fines. The Czech Republic had reached a final judgment and the fines were paid on 2011. The government of Hungary had finished its investigation in August 2014 and concluded that CPT did not engaged in any illegal activities. Regarding civil actions, CPT settled with the plaintiffs in the class actions in the U.S. and Canada. CPT has also settled with plaintiffs including Target, Sears and K-mart, Best Buy and ViewSonic. The Company had retained professional attorneys to handle other litigations prudently.

(7) As of December 31, 2016, SCSC and its subsidiaries had commitments and contingencies as follows:

(a) To secure an ample supply of silicon raw material to produce diodes, SCSC entered into a silicon raw material supply contract with Cargill in December 2007, which was amended in December 2013 with the contract term starting from April 1, 2013 to March 31, 2020. Under the contract, Cargill has made commitment to providing certain quantity of silicon raw material to SCSC. during the contract period and at the total contract price of JPY 4,268,592 thousand. In addition, SCSC is required to pay a minimum purchase amount of JPY 275,724 thousand. As of December 31, 2016, the amount of prepayment was JPY 70,470 thousand (or the equivalent of approx. NTD 20,331 thousand), which was classified under the prepayments and long-term prepayments.

(b) As of December 31, 2016, the significant unfinished or undelivered contracts of SCSC were related to crystal growth furnace equipment. The total amount of purchasing price was NTD 799,701 thousand, of which NTD 486,880 thousand has been paid. Since the quality and the function of the equipment did not meet the standard of SCSC, SCSC did not accept and use the products. SCSC contemplates not to pay any contract price.

(c) Hemlock Semiconductor Corporation, a supplier of silicon raw material, filed an action against GET and Tatung Co. of America Inc. ("TUS"). The plaintiff claimed that in addition to other issues, GET and TUS were liable of breaching the contract. GET and TUS have denied all causes of actions. As of the balance sheet date, the discovery process had been completed. In order for the Group to secure the position in terms of litigation, this disclosure does not completely comply with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets Issued". GET and TUS have engaged legal counsel for the legal matter.

(d) In March 2016, GET amended the long-term purchase contract for materials with supplier A. The amendment was to extend the original contract term from 2011 to 2017, to the end of 2018. With respect to the insufficient purchase as of January 31, 2016, both parties modified the minimum amount and purchase price each year according to the extended term. GET recognized advance payments that would be deducted in one year as prepayments under current assets, while the remaining amount was recognized as long-term prepaid materials. GET did not meet the minimum purchase amount as of August 2016. Thus, GET recognized a loss of NTD 3,681 thousand for the prepaid amount to supplier A.

(e) On June 26, 2015, GET amended the long-term purchase contract for materials with supplier B. The amendment was to extend the contract term from 2009 to 2016 to a term from July 2015 to 2025. With respect to the insufficient purchase as of June 30, 2015, both parties modified the minimum amount and purchase price each year according to the extended term. In addition, both parties increased the total purchase amount and set amounts that could be deducted from advance payments each year. Thus, GET recognized advance payments that would be deducted in one year as prepayments under current assets, while the remaining amount was recognized as long-term prepaid materials. GET did not meet the minimum purchase amount in 2016.

As of the balance sheet date, the interest payable notice sent out by supplier B stated an amount of USD 5,174 thousand (NTD 162,252 thousand). Since GET actively maintains business relations with supplier B, the possibility of paying the interest mentioned above is relatively low, and thus GET did not estimate this particular contingent liability.

(f) As of December 31, 2016, GET signed a purchase contract for materials and paid USD 61,608 thousand and EUR 14,252 thousand (or the equivalent of approx. NTD 2,539,908 thousand), which were classified under prepayments and long-term prepayments.

(g) GET, in a move to expand their long-term business, have cooperated with downstream clients in Taiwan through long-term strategic alliance by entering into contracts with them to supply multi-crystalline wafer. A total of USD 558 thousand (or the equivalent of NTD 18,434 thousand) was accounted for under the advance receipts (current and non-current) resulting from the cooperation as of December 31, 2016.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(h) In order to fund the plant construction in Luzhu, Southern Taiwan Science Park, purchase the equipment in Luzhu plant and improve working capital, GET resolved at its board meeting held on January 25, 2011 to borrow syndicated loans from Bank of Taiwan, Cathay United Bank, Land Bank, Agriculture Bank, HSBC Taiwan, Industrial Bank of Taiwan and Yuanta Bank. The amount of the 5-year loan was NTD 3.2 billion and the loan agreement was signed on February 1, 2011. The line of credit and the purpose of use of every item are listed as follows:

Item	Line of Credit	Purpose
Item A	NTD 0.8 billion	to construct the Luzhu plant
Item B	NTD 1.7 billion	to construct the Luzhu plant
Item C-1(Note)	USD 22 million	to develop foreign credit
Item C -2 (Note)	USD 22 million	to improve working capital

Note: The total balance of the credit line drawn from Item C-1 and Item C-2 cannot exceed the principal, NTD 0.7 billion or USD 22 million (lower of the two).

As of December 31, 2016, each line of credit had been fully drawn. GET signed an extension contract with the consortium bank on December 28, 2015 to extend the loan for two years starting April 29, 2016. Please refer to Note 6(15) for the payback dates and amounts.

(i) In order to provide financing to purchase equipment and improve working capital, GET resolved at its board meeting on May 19, 2011 to borrow syndicated loans from Fubon Bank, Mega Bank, First Bank, Far Eastern International Bank, Chang Hwa Bank and Taiwan Business Bank. The amount of the 5-year loan was USD 70 million and the loan agreement was signed on May 30, 2011. The line of credit and the purpose of use of every item are listed as follows:

Item	Line of Credit	Purpose
Item A	USD 56 million	to purchase equipment or improve working capital.
Item B	USD 14 million	to purchase equipment or improve working capital.

As of December 31, 2016, each line of credit had been fully drawn. GET signed an extension contract with the consortium bank on December 17, 2015 to extend the loan for two years starting June 17, 2016. Please refer to Note 6(15) for the payback dates and amount.

(j) Securities and Futures Investors Protection Center and some investors filed a damages claim to the Taipei District Court against GET and the management, claiming that the 2011 simplified GET financial forecast was not updated to align with the full forecast. Their claim was based on the first ruling of another Securities Exchange Act criminal case, ruled by the Taipei District Court. GET has appointed attorneys to cooperate with the court and hopes that justice will be served. GET is operating at its normal pace and is not influenced by the suit.

(k) Eversol Corporation filed a damages claim to the Taipei District Court against GET, claiming that GET breached the OEM contract. GET has appointed attorneys to cooperate with the court and hopes that justice will be served. GET is operating at its normal pace and is not influenced by the suit.

(8) As of December 31, 2016, Suqian Zhiwei Real Estate Co., Ltd. had commitments and contingencies as follows:

Suqian Zhiwei Real Estate Co., Ltd. encountered legal issues with the construction contractors regarding its land developments in Mainland China. Both parties agreed to a mediation on January 9, 2015. There were still disputes over contract compliance during construction, and thus the contractor filed to the court to demand execution of a payment obligation. The court demanded Suqian Zhiwei Real Estate Co., Ltd. to make the payment and instructed that related assets shall not be removed. The assets are still in the possession of Suqian Zhiwei Real Estate Co., Ltd. As of December 31, 2016, the obligation has not been fulfilled.

10. Significant disaster loss

None.

11. Significant subsequent events

(1) On March 23 and March 28, 2017, CPTL, a subsidiary of CPT, sold a total of 18,000 thousand shares of CPTTG. The selling price totaled RMB 204,720 thousand.

(2) On March 13 and March 14, 2017, CPT sold 84,000 thousand shares of Giantplus Technology Co., Ltd. at NTD 16.57 and NTD 16.58 per share, respectively. The total selling price amounted to NTD 1,392,210 thousand.

(3) In February 2017, CPTB, a subsidiary of CPT, sold 39,960 thousand shares of CPTTG. The total selling price amounted to RMB 460,424 thousand.

(4) Please refer to Note 9.5.(f) for the information regarding the arbitration results between the Company and Compal over shares of CPT.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

12. Other

(1) Categories of financial instruments

Financial assets

	As of December 31, 2016	As of December 31, 2015
Financial assets at fair value through profit or loss:		
Held for trading (including the non - current)	$17,262,633	$2,362,506
Available-for-sale financial assets (including Financial assets measured at cost) ($437,521, $358,549) (including non-current)	1,853,553	4,182,600
Held-to-maturity financial assets	20,000	20,000
Loans and receivables:		
Cash and cash equivalents(without cash on hand)	42,141,056	26,741,260
Debt instrument investments for which no active market exists (including non - current)	26,985,853	21,927,406
Notes receivable (including related parties)	547,939	644,925
Accounts receivable (including related parties) (including the construction receivable)	8,465,211	11,810,549
Other receivables (including related parties) (including the non - current)	3,755,123	2,507,656
Other non - current assets－deposits-out	750,948	609,132
Subtotal	82,646,130	64,240,928
Total	$101,782,316	$70,806,034

Financial liabilities

	As of December 31, 2016	As of December 31, 2015
Financial liabilities at amortized cost:		
Short-term loan	$54,412,093	$45,426,925
Short-term notes and bills payable	2,057,903	1,607,115
Payables (including related parties)(including non-current)	24,506,490	27,492,006
Bonds payables (including current portions)	-	600,000
Loan (including current portions)	51,311,095	58,784,094
Deposits in	148,028	510,134
Subtotal	132,435,609	134,420,274
Financial liabilities at fair value through profit or loss:		
Held-for-trading	-	-
Designated at fair value through profit or loss at initial recognition	841	932,686
Subtotal	841	932,686
Total	$132,436,450	$135,352,960

(2) Financial risk management objectives and policies

The Group's risk management objectives are to manage market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk preference. The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise of currency risk, interest rate risk, and other price risk (such as equity price risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually connections between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group's certain foreign currency receivables are denominated in the same foreign currency with foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis is performed on significant monetary items denominated in foreign currencies at the end of the reporting period. The analysis mainly focuses on foreign currency's appreciation and depreciation, which will affect the Group's profit. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD, JPY and RMB.

The information of the sensitivity analysis is as follows:

(a) When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2016 and 2015 will increase (decrease) by NTD 156,750 thousand and NTD 117,475 thousand, respectively.

(b) When NTD appreciates or depreciates against JPY by 1%, the profit for the years ended December 31, 2016 and 2015 will increase (decrease) by NTD 24,172 thousand and NTD 30,548 thousand, respectively.

(c) When NTD appreciates or depreciates against RMB by 1%, the profit for the years ended December 31, 2016 and 2015 will increase (decrease) by NTD 172,250 thousand and NTD 91,553 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily comes from the Group’s loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the balance sheet date, an increase/decrease of 10 basis points of interest rate could cause the profit for the years ended December 31, 2016 and 2015 to decrease/increase by NTD 80,044 thousand and NTD 83,882 thousand, respectively.

Equity price risk

The Group’s listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group’s listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group’s senior management on a regular basis. The Group’s board of directors reviews and approves all equity investment decisions.

At the balance sheet date, a change of 1% in the price of the listed equity securities held for trading could increase/decrease the Group's profit for the years ended December 31, 2016 and 2015 by NTD 0 thousand and NTD 4,978 thousand, respectively.

At the balance sheet date, a decrease of 1% in the price of the listed equity securities classified under available-for-sale could have an impact of NTD 12,310 thousand and NTD 36,110 thousand on the Company's equity for the years ended December 31, 2016 and 2015, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2016 and 2015, top ten customers' receivables represented 26.58% and 23.35% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
December 31, 2016					
Loans	$69,911,902	$16,762,424	$23,893,299	$765,000	$111,332,625
Short-term notes and bills payable	2,057,903	-	-	-	2,057,903
Payables (including relates parties) (including non-current)	24,506,490	-	-	-	24,506,490
Deposit-in	148,028	4,468	-	980	153,476
Liabilities directly related to non-current assets held for sale	3,417,321	598,218	63,677	-	4,079,216
December 31, 2015					
Loans	$70,461,887	$32,841,238	$2,691,284	$38,080	$106,032,489
Short-term notes and bills payable	1,607,115	-	-	-	1,607,115
Payables (including relates parties) (including non-current)	27,492,006	-	-	-	27,492,006
Convertible bonds payable (including current)	619,807	-	-	-	619,807
Deposit-in	510,134	6,258	-	980	517,372

Derivative financial instruments

	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
December 31, 2016					
Flow-in	$23,930	$-	$-	$-	$23,930
Flow-out	(19,700)	-	-	-	(19,700)
Net	$4,230	$-	$-	$-	$4,230
December 31, 2015					
Flow-in	$699,114	$-	$-	$-	$699,114
Flow-out	(696,208)	-	-	-	(696,208)
Net	$2,906	$-	$-	$-	$2,906

Tables above about the disclosures of derivative financial instruments were disclosed by the undiscounted net cash flow.

(6) Fair value of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

j The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.

k For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

l Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

m Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

n The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(7) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at December 31, 2016 and 2015 is as follows:

The Company

Forward exchange contracts

Forward foreign exchange contracts to manage exposure part partial transactions, but not designated as hedging instruments:

December 31, 2016

	Currency	Period
Buying currency exchange forward	Buy USD 10,000 thousand	October 2016-March 2017
Buying currency exchange forward	Buy RMB 16,974 thousand	December 2016-January 2017

December 31, 2015

	Currency	Period
Buying currency exchange forward	Buy USD 9,300 thousand	April 2015- February 2016

Exchange options

December 31, 2016

The following table refers to the related conditions with regard to the Company's unamortized exchange options on December 31, 2016.

Counterparty bank	Foreign exchange rate	Foreign exchange rate on the date of settlement FX	Term of settlement (USD in thousands)
A	USD/TWD	FX > 32.90	Executing price at 32.90 to sell USD 1,000
B	USD/TWD	FX > 31.36	Executing price at 31.36 to buy USD 1,000

As of December 31, 2016, foreign exchange options contracts that had been settled amounted to USD 150,000 thousand, EUR 500 thousand, and the remaining unsettled contracts amounted to USD 2,000 thousand, with a fair value of NTD 260 thousand (including royalties amounted to NTD 390 thousand and unrealized loss amounted to NTD 130 thousand), recognized as financial liabilities carried at fair value through profit or loss - current.

December 31, 2015

Counterparty bank	Foreign exchange rate	Foreign exchange rate on the date of settlement FX	Term of settlement (USD in thousands)
A	USD/JPY	FX < 120.5	Executing price at 120.5 to buy USD 1,000
A	USD/JPY	FX > 124	Executing price at 124 to sell USD 1,000
A	USD/TWD	FX < 32.28	Executing price at 32.28 to buy USD 1,000
A	USD/TWD	FX < 32.4	Executing price at 32.4 to buy USD 1,000
B	USD/JPY	FX < 120.5	Executing price at 120.5 to buy USD 1,000
B	USD/JPY	FX < 120.8	Executing price at 120.8 to buy USD 1,000
B	USD/JPY	FX > 124.5	Executing price at 124.5 to sell USD 1,000
B	USD/TWD	FX < 32.39	Executing price at 32.39 to buy USD 1,000
B	USD/TWD	FX < 32.4	Executing price at 32.4 to buy USD 1,000
C	USD/TWD	FX < 32.45	Executing price at 32.45 to buy USD 1,000
D	USD/TWD	FX < 31.6	Executing price at 31.6 to buy USD 1,000
D	USD/TWD	FX < 32.47	Executing price at 32.47 to buy USD 1,000
D	USD/TWD	FX < 32.3	Executing price at 32.3 to buy USD 1,000
E	USD/TWD	FX < 31.55	Executing price at 31.55 to buy USD 1,000

As of December 31, 2015, foreign exchange options contracts that had been settled amounted to USD 233,800 thousand, EUR 500 thousand, and the remaining unsettled contracts amounted to USD 14,000 thousand, with a fair value of NTD 807 thousand (including royalties amounted to NTD 1,645 thousand and unrealized loss amounted to NTD 838 thousand), recognized as financial liabilities carried at fair value through profit or loss - current.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

CPT and its subsidiaries

Forward foreign exchange contracts

Forward foreign exchange contracts aimed at managing risk exposures of certain transactions, but not designated as hedging instruments. Forward foreign exchange contracts entered into by CPT and its subsidiaries are listed as follows:

Item	Contract amount	Period
December 31, 2016		
None		
December 31, 2015		
Buy JPY sell USD	USD 6,000 thousand	January 2016-Februaru 2016
Buy USD sell NTD	USD 6,038 thousand	March 2016-June 2016

Swaps

Forward foreign exchange contracts aimed at managing risk exposures of certain transactions, but not designated as hedging instruments. The swaps are listed as follows:

Item	Contract amount	Period
December 31, 2016		
None.		
December 31, 2015		
None		

SCSC and its subsidiaries

Forward foreign exchange contracts

Forward foreign exchange contracts aimed at managing exposures of certain transactions, but not designated as hedging instruments. Forward foreign exchange contracts entered into by SCSC and its subsidiaries are listed as follows:

Item	Contract amount	Period
December 31, 2016		
Forward foreign exchange contracts	USD 12,900 thousand	November 2016-April 2017
December 31, 2015		
Forward foreign exchange contracts	None	None

Tatung Compressors (Zhongshan) Co., Ltd.

Forward foreign exchange contracts

Forward foreign exchange contracts aim at managing exposures of certain transactions, but not designated as hedging instruments. Forward foreign exchange contracts entered into by Tatung Compressors (Zhongshan) Co., Ltd. are listed as follows:

December 31, 2016
None.

December 31, 2015

	Currency	Period
Sell out the forward foreign exchange	Sell USD 24,000 thousand	2016.01~2016.04

The counterparties of the aforementioned derivative transactions are reputable financial institutions with satisfactory credit ratings; hence, credit risk is relatively low.

The forward foreign exchange contracts aim at hedging exchange rate risk of net assets or net liabilities with cash inflows or outflows upon maturity. The Company also has sufficient working capital, and therefore there’s no significant cash flow risk.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
Stocks	$537	$-	$-	$537
Forward exchange contracts	-	13,006	-	13,006
Capital-guaranteed financial products	-	-	17,230,231	17,230,231
Open-end funds	18,859	-	-	18,859
Available-for-sale financial assets:				
Stocks	1,230,981	-	185,051	1,416,032
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Forward exchange contracts	-	581	-	581
Exchange options	-	260	-	260

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
Stocks	$515	$-	$-	$515
Forward exchange contracts	-	26,235	-	26,235
Capital-guaranteed financial products	-	-	404,398	404,398
Open-end funds	104,337	-	-	104,337
Designated financial assets at fair value through profit or loss	-	1,827,021	-	1,827,021
Available-for-sale financial assets:				
Stocks	3,611,028	-	213,023	3,824,051
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Forward exchange contracts	-	778	-	778
Exchange options	-	806	-	806
Designated financial liabilities at fair value through profit or loss	-	931,102	-	931,102

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Transfers between Level 1 and Level 2 during the period

There were no transfers between Levels 1 and 2 for the years ended December 31, 2016 and 2015.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Measurement at fair value through income/loss	Available- for-sale	
	Capital-guaranteed financial products	Share	Total
January 1, 2016	$404,398	$213,023	$617,421
Recognized in other comprehensive income, 2016	78,807	(27,972)	50,835
Acquisition/Issuance, 2016	18,849,277	-	18,849,277
Disposal/Liquidation, 2016	(2,044,264)	-	(2,044,264)
Exchange differences	(57,987)	-	(57,987)
December 31, 2016	$17,230,231	$185,051	$17,415,282

	Measurement at fair value through income/loss	Available- for-sale	
	Capital-guaranteed financial products	Share	Total
January 1, 2015	$602,586	$510,981	$1,113,567
Recognized in other comprehensive income, 2015	-	(297,958)	(297,958)
Acquisition/Issuance, 2015	2,144,905	-	2,144,905
Disposal/Liquidation, 2015	(2,330,662)	-	(2,330,662)
Exchange differences	(12,431)	-	(12,431)
December 31, 2015	$404,398	$213,023	$617,421

Information on significant unobservable inputs to valuation in Level 3

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

As at December 31, 2016:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Available-for-sale					
Stocks	Market approach	discount for lack of marketability	0%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by NTD 1,872 thousand
Capital-guaranteed financial products	Market approach or revenue approach	Annualized expected return	2.3%~2.5%	The higher the expected annualized return, the higher the estimated fair value	0.25% increase (decrease) in the annualized expected return would result in increase (decrease) in the Group's equity by NTD 8,171 thousand

As at December 31, 2015:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Available-for-sale					
Stocks	Market approach	discount for lack of marketability	25%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by NTD 2,037 thousand
Capital-guaranteed financial products	Market approach	Price of the investment Product	-	-	Since the transactions were settled in cash, the value is the same as fair value.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Accounting Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at December 31, 2016:

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6(14))	$-	$-	$22,659,871	$22,659,871
Investments under the equity method(please refer to Note 6(12))	2,378,616	-	-	2,378,616

As at December 31, 2015:

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6(14))	$-	$-	$22,326,370	$22,326,370
Investments under the equity method(please refer to Note 6(12))	3,087,627	-	-	3,087,627

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

		As of December 31, 2016		
		Foreign currency	Exchange rate	NTD
Financial Assets - Monetary items				
	USD	$702,551,760	32.2500	$22,657,294
	JPY	1,109,549,614	0.2756	305,792
	RMB	10,167,516,984	4.6490	47,268,583
Investments under equity method				
	RMB	28,346,782	4.6490	131,784
Financial Liabilities - Monetary items				
	USD	1,188,599,685	32.2500	38,332,340
	JPY	9,867,471,330	0.2756	2,719,475
	RMB	6,462,427,364	4.6490	30,043,696
	EUR	11,783,899	33.9000	399,474

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

		As of December 31, 2015		
		Foreign currency	Exchange rate	NTD
Financial Assets - Monetary items				
	USD	$428,968,960	32.8250	$14,080,906
	JPY	900,954,051	0.2727	245,690
	RMB	6,237,853,400	5.0550	31,532,224
Investments under equity method				
	RMB	142,362,524	5.0550	719,640
	THB	129,789,000	0.9146	118,705
Financial Liabilities - Monetary items				
	USD	786,851,346	32.8250	25,828,395
	JPY	12,090,643,194	0.2727	3,297,118
	RMB	8,048,975,623	5.0550	40,687,411
	EUR	2,841,231	35.8800	101,943

Because the subsidiaries used a wide range of functional currencies, the Group could not disclose the foreign exchange gain or loss of financial asset and liability by each foreign currency with significant effect. The net gain (loss) from foreign exchange currencies of the Group were NTD 910,179 thousand and NTD 220,220 thousand for the years ended December 31, 2016 and 2015, respectively.

The information above was presented in book value of foreign currency which has been translated to functional currency.

(10) Capital management

The primary purpose of the Group’s capital management is to ensure the Group can maintain a strong credit rating and healthy capital ratios in order to support its business and maximize equity value. The Group manages and adjusts its capital structure in accordance with changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment, return capital or issue new shares.

(11) With respect to the case concerning Nature Worldwide Technology Co., Taiwan Supreme Court revoked the judgment made by Taiwan High Court on December 7, 2015 and remanded the case to the Taiwan High Court. Chairman Lin has appointed an attorney to assist him in the legal issues of the judgment and he hopes the court can discover the truth that he is innocent. The Company's operations, finance and business were not affected by the case and will continue as usual.

(12) The Group suffered a loss amounting to NTD 3,539,902 thousand in 2016. As of December 31, 2016, the accumulated loss attributed to the parent company totaled NTD 2,175,074 thousand, which was resulted from consolidating the financial conditions of CPT.

CPT group had a loss in 2016 amounting to NTD 895,168 thousand. As of December 31, 2016, accumulated loss attributed to CPT amounted to NTD 60,980,594 thousand. To improve the financial conditions and to ensure sufficient operating capital, the CPT group plans to adopt measures mentioned below:

(a) The CPT group would continue to focus on its niche products, strictly control its expenses, lower the purchase costs, and increase the utilization rate of production capacity to improve the profitability.

(b) Extend the short-term loans: CPT planned to extend the short-term loans upon maturity to meet the short-term operation funding needs. As of March 2017, CPT has completed all the extension procedures.

In addition, some subsidiaries in the group suffer liquidity risk, which indicated that their current liabilities exceeded current assets. The liquidity risk was mainly due to the consolidated financial conditions of GET.

GET planned to extend its short-term loans and other related procedures. The management of GET considered that the abovementioned strategy would reduce the liquidity risk of the consolidated financial statements substantially on December 31, 2016.

The consolidated financial statements of the Group for the year ended December 31, 2016 was not adjusted due to the uncertainty of whether the strategies mentioned above can be achieved.

13. Other disclosure

(1) Information at significant transactions:

(a) Financing provided to others: refer to Attachment 1.

(b) Endorsement/Guarantee provided to others: refer to Attachment 2.

(c) Securities held: refer to Attachment 3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD 300 million or 20% of the capital stock: refer to Attachment 4.

(e) Acquisition of real estate in the amount exceeding the lower of NTD 300 million or 20% of capital stock: refer to Attachment 5.

(f) Disposal of real estate up to the amount exceeding the lower of NTD 300 million or 20% of capital stock: refer to Attachment 6.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 7.

(h) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 8.

(i) Engaging in derivative transactions: refer to Note 6 and Note 12 in the consolidated financial statements.

(j) Intercompany Relationships and Significant Intercompany Transactions: refer to Attachment 11.

(2) Information on investees:

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: refer to Attachment 9.

(3) Information on investments in China:

(a) The investee company name, main business, paid-in capital, type of the investment, capital inflow and outflow, ownership, investment gains and losses, ending balance of investment, repatriation of investment income and the mainland investment limit scenario: refer to Attachment 10.

(b) Transactions with the investee companies directly or indirectly through a third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses were as below:

j Ending balance and percentage of purchase and related payables: refer to Attachment 6.

k Ending balance and percentage of sales and related receivables: refer to Attachment 6.

l Gains and loss on the transaction of property: refer to Attachment 5.

m Ending balance and purpose of endorsement guarantees or collateral: refer to Attachment 2.

n Ending balance, maximum limit, interest rates range and current interest amount of financing: refer to Attachment 1.

o Other investments that have significant impact on current profit or financial condition, such as the services provided or received: refer to Attachment 6.

14. Segment information

For management purposes, the Group organized its business units based on their products and services and has three reportable operating segments as follows:

(1) Optical department: This department is responsible for CRT, TFT-LCD backlight module manufacturing and production, development of liquid crystal display modules, electronic switches and sensors and solar modules virus, manufacturing and sales.

(2) Machinery and energy department: The department is responsible for the research, manufacture and sales of intelligent grid, smart-grid portal, photovoltaics, LED lighting, motor and machinery and energy control system.

(3) Consumer products department: This department is responsible for digital television, flat panel display manufacturing, digital media devices, digital audio-visual and home appliances, etc.

No operating segments have been aggregated to form the above reportable operating segments. Other business activities that are not reported and the related information of the operating segments are disclosed under the “Other Operating Segments” section

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

Transfer prices between operating segment are on an arm’s length basis in a manner similar to transactions with third parties.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(1) Information on profit or loss, assets and liabilities of the reportable segment:

For the year ended December 31, 2016

	Optical	Machinery and energy	Consumer products	Other operating segments	Adjustment and elimination	Consolidated
Revenue						
External customer	$33,066,654	$29,873,836	$11,031,258	$3,705,877	$-	$77,677,625
Inter-segment	2,991	1,781,826	6,627,498	283,694	(8,696,009)	-
Total revenue	$33,069,645	$31,655,662	$17,658,756	$3,989,571	$(8,696,009)	$77,677,625
Segment profit (loss)	$(861,520)	$(1,172,632)	$(177,945)	$(5,111,753)	$3,817,596	$(3,506,254)

For the year ended December 31, 2015

	Optical	Machinery and energy	Consumer products	Other operating segments	Adjustment and elimination	Consolidated
Revenue						
External customer	$37,251,114	$29,895,652	$11,680,317	$5,892,101	$-	$84,719,184
Inter-segment	43,428	3,069,845	7,555,679	16,889	(10,685,841)	-
Total revenue	$37,294,542	$32,965,497	$19,235,996	$5,908,990	$(10,685,841)	$84,719,184
Segment profit (loss)	$(8,857,013)	$(2,625,223)	$(387,063)	$(3,528,583)	$4,186,845	$(11,211,037)

[1] Revenue was from information software and real estate development that are operating segments that did not meet the quantitative thresholds for reportable segments.

[2] Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

(2) Geographical information

Revenue from external customers

	For the years ended 2016	For the years ended 2015
Taiwan	$34,581,582	$32,855,679
China	25,691,257	29,648,404
Asia	3,315,275	6,318,773
Europe	917	101,602
America	2,706,669	3,576,269
Southeast Asia	10,333,306	11,784,481
Other countries	1,048,619	433,976
Total	$77,677,625	$84,719,184

The revenue information above is based on the locations of the customers.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Non-current assets

	As of December 31,	
	2016	2015
Taiwan	$78,393,223	$80,783,157
China	16,177,520	16,095,864
Asia	33,954	24,169
Europe	2,673	5,673
America	220,385	806,779
Southeast Asia	755,185	372,122
Total	$95,582,940	$98,087,764

Non-current assets included property, plant and equipment, investment property, intangible assets, other non-current assets and long-term receivable.

(3) Information about major customers

The Company's sales to any single customer did not account for more than 10% of its net consolidated sales of 2016 and 2015. Accordingly, no disclosure is required.

ATTACHMENT 1
Financing provided to others for the year ended December 31, 2016
(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related Party	Maximum balance for the period (Note 3)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party (Note 5)	Reason for financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 7)	Limit of total financing amount (Note 7)
													Item	Value		
0	Tatung Co., Ltd	Tatung Global Strategy Investment and Trading (BVI) Inc.	Long-term receivables	Yes	$883,885	$883,885	$883,885	2.00%	2	-	Business turnover (Note 10)	-	None	-	$11,898,450	$11,898,450
		Tatung Vietnam Co., Ltd.	Affiliated account	Yes	537,124	537,124	537,124	2.00%	2	-	Business turnover (Note 11)	-	None	-	11,898,450	11,898,450
		Tatung InfoComm Co., Ltd.	Long-term receivables	No	611,367	611,367	611,367	2.00%	2	-	Business turnover (Note 12)	491,600 (Note 13)	None	-	11,898,450	11,898,450
1	Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	Affiliated account	Yes	175,000	-	-	-	2	-	Business turnover	-	None	-	11,353,425	11,353,425
		Chunghwa Picture Tubes, Ltd.	Affiliated account	Yes	1,800,000	1,000,000	1,000,000	3.50%	2	-	Business turnover	-	Machinery, equipment and property	3,536,540	11,353,425	11,353,425
		Nature Worldwide Technology Corp.	Other receivables - related parties	Yes	68,991	68,991	68,991	3.00%	2	-	Business turnover	68,991 (Note 9)	None	-	11,353,425	11,353,425
2	Shan-Chih Investment Co., Ltd	Nature Worldwide Technology Corp.	Affiliated account	Yes	929,577	929,577	929,577	3.10%	2	-	Business turnover	929,577	None	-	132,259	132,259
3	Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co.,Ltd.	Other receivables - related parties	Yes	20,000	20,000	20,000	2.00%	2	-	Business turnover	20,000	None	-	288,839	288,839
4	Taipei Industry Corporation	Green Energy Technology Inc.	Other receivables - related parties	Yes	230,000	-	-	-	2	-	Business turnover	-	None	-	376,238	376,238
5	Shan-Chih Wire and Cable Tecknology (Wujiang) Co. , Ltd	Tatung Wire And Cable Technology (Wujiang) Co., Ltd.	Other receivables - related parties	Yes	153,169	139,469	-	6.00%	2	-	Loan repayment	-	None	-	1,487,306	1,487,306
6	Tatung Coatings (Kunshan) Co., Ltd.	Huaian Tatung Advanced Technology Materials Co., Ltd.	Other receivables - related parties	Yes	30,634	27,894	27,894	As Kunshan's loan interest rate+0.25%	2	-	Business turnover	-	None	-	96,225	96,225
7	Wujiang Shanghua Material Technology Co., Ltd	Huaian Tatung Advanced Technology Materials Co., Ltd.	Other receivables - related parties	Yes	20,201	9,298	9,298	As Wujiang's loan interest rate+0.25%	2	-	Business turnover	-	None	-	25,523	25,523
8	Daliant Investments Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Other receivables - related parties	Yes	21,743	-	-	-	2	-	Business turnover	-	None	-	46,461	46,461
9	Bensaline Investments Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Other receivables - related parties	Yes	23,081	-	-	-	2	-	Business turnover	-	None	-	46,260	46,260
10	Bangalor Investments Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Other receivables - related parties	Yes	22,579	-	-	-	2	-	Business turnover	-	None	-	46,672	46,672
11	Dalemont Investments Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Other receivables - related parties	Yes	21,575	-	-	-	2	-	Business turnover	-	None	-	46,214	46,214
12	Chunghwa Pictures Display Technology (Fujian) Ltd.	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Other receivables - related parties	Yes	919,012	-	-	4.35%	2	-	Business turnover	-	None	-	916,921	916,921
13	CPTF Optronics Co., Ltd.	Huallar Optronics (Fuzhou) Co. Ltd.	Other receivables - related parties	Yes	173,758	172,012	172,012	4.35%	2	-	Business turnover	-	None	-	5,846,851	5,846,851
		Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Other receivables - related parties	Yes	4,808,717	4,277,065	4,277,065	4.35%	2	-	Business turnover	-	None	-	5,846,851	5,846,851
14	Chunghwa Picture Tubes (Bermuda) Ltd.	Chunghwa Picture Tubes, Ltd.	Other receivables - related parties	Yes	1,605,600	-	-	-	2	-	Business turnover	-	None	-	7,186,920	7,186,920
15	Giantplus Holding L.L.C	Kunshan Giantplus Optronics Display Technology Co.,Ltd	Other receivables - related parties	Yes	167,250	-	-	-	2	-	Business turnover	-	None	-	2,411,553	3,215,404
16	Giantplus Technology Co., Ltd.	Kunshan Giantplus Optronics Display Technology Co.,Ltd	Other receivables - related parties	Yes	968,250	645,000	645,000	2.84%-3.22%	2	-	Business turnover	-	None	-	995,176	1,326,902
17	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Kunshan Giantplus Optronics Display Technology Co.,Ltd	Other receivables - related parties	Yes	161,250	161,250	-	-	2	-	Business turnover	-	None	-	351,846	469,128

Note 1: The Company and its subsidiaries are coded as follows:
(i) The Company is coded "0".
(ii) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.
Note 2: If the economic substance of transactions are financing to others, regardless of which component they are recognized as in the financial statements, certain transactions such as the account receivables –related parties and advances are included herein.
Note 3: Maximum balance of financing provided to others for the current year.
Note 4: Nature of financing is coded as follows: operational funding is coded"1"; short-term financing is coded "2".
Note 5: Total amount of the financing is disclosed herein if the financing is related to business transactions. Total amount of financing shall refer to the amount the lender provides to the borrower within the past year.
Note 6: The reasons and counterparties of the financing are addressed herein as the financing was associated with short-term capital needs.
Note 7: Financing to individual counter-party shall not exceed 25%~40% of the net assets values from the latest financial statements. Total financing amount shall not exceed 40% of the audited/reviewed net assets value of the most current period.
Note 8: If a public company brings the financing proposal to the board of directors according to Article 14-1, the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,the company still needs to disclose the amount resolved by the board in the balance to disclose the risk, even if the funds are not appropriated yet. When the funds are repaid afterwards, the company should disclose the amount returned to reflect the risk adjustment.
If a public company authorizes the chairman of the board of directors to appropriate or use certain limits of the funds several times in the period of a year according to Article 14-2, Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the amount resolved by the board in the balance.
Note 9: Shan-Chih Asset Development Co., Ltd.'s receivables from Nature Worldwide Technology Corp. were collected in the amount of $120,000 thousand on June 10, 2013. The remaining claim is still pending in the court.
Note 10: The Company has financed to its subsidiary－Tatung Global Strategy Investment and Trading (BVI) Inc.. Part of the loans have been overdue for one year. The Board of Directors of the Company has resolved to proceed with liquidation to solve the issue.
The financing will be settled upon finishing liquidation. And non-current portion was reclassified from others receivable–related parties to long-term receivable.
Note 11: The Company has financed to its subsidiary －Tatung Vietnam Co.,Ltd.. The loans have been overdue on November 8, 2014. The Board of Directors of the Company has resolved to terminate its liquidation. The loans will be repaid after the disposal of its assets and lands.
Note 12: On March, 2012, The Board of Directors of the Company has resolved to sell all of its shares of its subsidiary, Tatung InfoComm Co., Ltd., to Vee Telecom Multimedia Co., Ltd.. Regarding the Company financing to Tatung InfoComm Co., Ltd., the Company has signed a repayment agreement with Tatung InfoComm Co., Ltd. and non-current portion was reclassified from others receivable–related parties to long-term receivable.
However,Tatung InfoComm Co., Ltd has not repaid principal and interest due under the agreement to the Company since July,2014. The Company has delivered payment order application form to the court on October,2014 and applied for enforcement action to Tatung InfoComm Co., Ltd's tax refund on December,2014. This case is currently under legal procedures.
Note 13: Regarding the Company financing to Tatung InfoComm Co., Ltd., the Company has recognized allowance for bad debts amounting to NTD 491,600 thousand by the end of December, 2016.
Note 14: Translated at December 31,2016 exchange rate

ATTACHMENT 2
Endorsement/Guarantee provided to others for the year ended December 31, 2016
(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

No. (Note 1)	Endorsor/Guarantor	Receiving party: Company name	Receiving party: Relationship (Note 2)	Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 3)	Guarantee provided by parent company (Note 4)	Guarantee provided by a subsidiary (Note 4)	Guarantee provided to subsidiaries in Mainland China (Note 4)
0	Tatung Co., Ltd	Tatung Co. of Japan, Inc.	2	$7,436,531	$1,772,400	$1,772,400	$1,350,440	None	5.96%	$14,873,062	Y	N	N
		Chunghwa Picture Tubes, Ltd.	2	7,436,531	3,000,000	3,000,000	3,000,000	3,000,000	10.09%	14,873,062	Y	N	N
1	Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	2	7,095,890	80,000	80,000	30,000	None	0.28%	14,191,781	N	N	N
		Tatung Co., Ltd	4	85,150,688	37,950,000	28,200,000	22,040,000	27,390,000	99.35%	85,150,688	N	Y	N
2	Wujiang Shanghua Material Technology Co., Ltd	Tatung Fine Chemicals Co., Ltd.	4	25,523	25,528	23,245	13,947	13,947	6.32%	25,523	N	N	N
3	Green Energy Technology Inc.	Ultra Energy (Weifang) Technology Co. Ltd	3	2,050,022	394,168	189,730	180,033	48,375	3.70%	2,562,528	N	N	Y
		Gintung Energy Corporation	1	2,050,022	179,000	48,000	21,645	None	0.94%	2,562,528	N	N	N
4	NengNai International Co., Ltd	Green Energy Technology Inc.	4	2,419,601	1,250,000	1,250,000	1,022,000	1,250,000	51.66%	2,419,601	N	N	N
5	Ultra Energy Holding Limited	Green Energy Technology Inc.	4	3,016,063	1,250,000	1,250,000	1,022,000	1,250,000	41.44%	3,016,063	N	N	N
6	Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	2	388,916	167,250	161,250	-	None	12.44%	648,193	Y	N	N
7	Suzhou Forward Electronics Technology Co., Ltd.	Forward Electronics Co., Ltd.	4	353,181 (Note 8)	360,000	360,000 (Note 8)	323,130	None	30.58%	588,636	N	N	N
8	Tatung System Technologies Inc.	Chyun Huei Commercial Technologies Inc.	2	194,117	150,000	150,000	40,098	None	15.45%	485,292	Y	N	N
9	Chyun Huei Commercial Technologies Inc.	Tatung System Technologies Inc.	4	18,252	8,000	8,000	4,821	None	8.77%	45,631	N	N	N
10	Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	2	5,029,621	800,000	800,000	800,000	None	7.95%	5,029,621	N	N	N
11	CPTF Optronics Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd.	2	7,308,564	857,745	-	-	None	-	7,308,564	N	N	Y
		Huallar Optronics (Fuzhou) Co. Ltd.	2	7,308,564	178,697	-	-	None	-	7,308,564	N	N	Y
12	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Kornerstone Materials Technology Co. Ltd.	2	16,384,626	2,595,055	2,157,384	681,076	None	3.95%	27,307,710	N	N	Y
13	Chunghwa Picture Tubes (Labuan) Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	4	511,291	800,000	-	-	None	-	852,151	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:
1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:
1. An investee company that has a business relationship with Tatung Co., Ltd
2. A subsidiary in which Tatung holds directly over 50% of equity interest.
3. An investee in which Tatung and its subsidiaries hold over 50% of equity interest.
4. An investee in which Tatung holds directly and indirectly over 50% of equity interest.
5. An investee that has provided guarantees to Tatung Co.,Ltd, and vice versa, due to contractual requirements.
6. An investee in which Tatung conjunctly invests with other shareholders, and for which Tatung has provided endorsement/guarantee in proportion to its shareholding percentage.

Note 3: Individual endorsement or guarantee shall not exceed 30% to 50% of the provider's net assets value, however, no limits for the counter-party who is a company 100% directly or indirectly owned by CPT.
Total endorsement or guarantee for others shall not exceed 50% of the provider's net assets value. The Group total endorsement or guarantee for others shall not exceed 50% of the provider's net assets value.

Note 4: The maximum amount of endorsement or guarantee provided to others for current

Note 5: Company who sign a contract or is approved with lines of credits of notes in regards to guarantee/endorsement with bank will assume endorsement or guarantee responsibility immediately, and other things related to guarantee or endorsement should be calculated in guarantee/endorsement amount

Note 6: Should enter actual amount receiving party provided within the limit amount of guarantee/endorsement.

Note 7: A company is coded "Y" when a subsidiary is endorsed by the listed parent company, or a listed parent company is endorsed by a subsidiary, or a company with an endorsement in Mainland China.

Note 8: Limit of guarantee/endorsement amount for receiving party is less than that of ending balance,which is due to exchange rate differences.

Note 9: Translated at December 31,2016 exchange rate

ATTACHMENT 3
Securities held for the year ended December 31, 2016 (Excluding subsidiary, associates and jointly controlled)
(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares	Book value	Percentage of ownership (%)	Market value/ net assets value	
Tatung Co., Ltd	Stock—Taiwan Sugar Co.,Ltd	-	Financial assets measured at cost, current	1,391	$1	-	$-	
	Stock—Taiwan Power Co.,Ltd	-	Financial assets measured at cost, current	2,104	14	-	-	
	Stock—Tongya Telecommunication Industry Co., Ltd	-	Financial assets measured at cost, current	19,800	8,000	9.90	-	
	Stock—Chung Hwa Trading Development Co.	-	Financial assets measured at cost, current	49,984	500	0.08	-	
	Stock—Chi Yeh Chemical Co.	-	Financial assets measured at cost, current	125,000	1,091	0.63	-	
	Stock—United Electric Industry Co.Ltd	-	Financial assets measured at cost, current	1,409,312	6,705	2.77	-	
	Stock—Asia-Pacific Thechnology & Intellectual Property Services Inc.	-	Financial assets measured at cost, current	140,000	10	-	-	
	Stock—E&E Recycling Co.	-	Financial assets measured at cost, current	1,501,500	10,000	4.61	-	
	Stock—Scientific Pharmaceutical Elite Co.Ltd	-	Financial assets measured at cost, current	600,000	2,917	5.45	-	
	Stock—Idn-news degital Co.	-	Financial assets measured at cost, current	230	-	-	-	
	Stock—Coverge Inc.	-	Financial assets measured at cost, current	3,000,000	-	-	-	
	Stock—Yi Chi Associated Trading Co.	-	Financial assets measured at cost, noncurrent	30,000	300	6.67	-	
	Stock—Chih Yi Health Co.Ltd	-	Financial assets measured at cost, noncurrent	200,000	2,000	20.00	-	
	Stock—Taiwan Otis Elevator Co.	-	Available-for-sale financial assets, current	20,000	122,421	10.00	122,421	
	Stock—Taiwan Cogeneration Co.	-	Available-for-sale financial assets, current	7,172,920	159,956	1.22	159,956	
	Stock—Rechi Precision Co., Ltd	-	Available-for-sale financial assets, current	864,761	27,326	0.18	27,326	
	Stock—Medigen Biotechnology Co.	-	Available-for-sale financial assets, current	905,000	71,767	0.65	71,767	
	Stock—Tatung Technology Inc.	-	Available-for-sale financial assets, noncurrent	1,027,056	12,787	2.51	12,787	
	Corporate bonds—Chunghwa Picture Tubes (Bermuda) Ltd.	Parent-subsidiary	Held-to-maturity financial assets, current	-	806,250	-	-	(Note 1)
	Subordinated debt—TC Bank.	-	Held-to-maturity financial assets, current	-	20,000	-	-	
	Fund—Fuh Hwa China New Economy Balance	-	Financial assets at fair value through profit or loss,current	500,000	4,210	-	4,210	
	Fund—Taishin Global Multi-asset FOF	-	Financial assets at fair value through profit or loss,current	300,000	2,964	-	2,964	
	Fund—Franklin Templeton SAm Asia Pac Bal	-	Financial assets at fair value through profit or loss,current	1,000,000	9,670	-	9,670	
	Fund—Taishin China-US Money Market	-	Financial assets at fair value through profit or loss,current	200,000	2,015	-	2,015	

Note1: All transactions are eliminated in the consolidated financial statements.

ATTACHMENT 3-1
Securities held for the year ended December 31, 2016 (Excluding subsidiary, associates and jointly controlled)
(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares (in thousands)	Book value	Percentage of ownership (%)	Market value/ net assets value	
San Chih Semiconductor Co., Ltd.	Stock—Crystal Applied Technology Inc.	-	Available-for-sale financial assets, current	70,897	$-	0.07	$-	
	Stock—EPISTAR Co.	-	Available-for-sale financial assets, noncurrent	3,364,140	77,880	0.31	77,880	
	Stock—Phecda Technology Co., Ltd.	-	Available-for-sale financial assets, noncurrent	1,000,000	10,400	3.51	10,400	
Forward Electronics Co., Ltd.	Stock—Lastertech Co., Ltd.	-	Available-for-sale financial assets, noncurrent	5,383,705	331,098	7.88	331,098	
	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	36,236,000	345,691	1.55	345,691	(Note 1)
Suzhou Forward Electronics Technology Co., Ltd.	Capital—Nanjing Global Display Technology Co.,Ltd.	-	Financial assets measured at cost, noncurrent	-	-	17.29	-	
	Capital-guaranteed financial product－Jinshiliuwenying	-	Financial assets at fair value through profit or loss,current	-	37,191 (RMB 8,000)	-	37,191 (RMB 8,000)	
	Capital-guaranteed financial product－RMB Investment Products	-	Financial assets at fair value through profit or loss,current	-	92,980 (RMB 20,000)	-	92,980 (RMB 20,000)	
	Capital-guaranteed financial product－USD Investment Products	-	Financial assets at fair value through profit or loss,current	-	221,261 (USD 7000) (RMB 47,594)	-	221,261 (USD 7000) (RMB 47,594)	
	Capital-guaranteed financial product－RMB Structure Product	-	Financial assets at fair value through profit or loss,current	-	232,449 (RMB 50,000)	-	232,449 (RMB 50,000)	
	Capital-guaranteed financial product－Hui Tong Wealth Management	-	Financial assets at fair value through profit or loss,current	-	92,980 (RMB 20,000)	-	92,980 (RMB 20,000)	
	Capital-guaranteed financial product－Corporate large denomination certificates of deposit-one year		Financial assets at fair value through profit or loss,current	-	92,980 (RMB 20,000)		92,980 (RMB 20,000)	
Forward Electronics Equipment (Dong Guan) Co., Ltd	Capital-guaranteed financial product－RMB Structure Product	-	Financial assets at fair value through profit or loss,current	-	66,945 (RMB 14,400)	-	66,945 (RMB 14,400)	
	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss,current	-	46,490 (RMB 10,000)	-	46,490	
Chunghwa Electronics Investment Co., Ltd	Stock—TSC Venture Management, Inc.	-	Financial assets measured at cost, noncurrent	216,000	2,160	5.88	-	
	Stock—Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	333,586	3,182	0.01	10	(Note 1)
Chih Sheng Investment Co., Ltd.	Stock—Tatung Atherton Co., Ltd.	-	Financial assets measured at cost, noncurrent	1,000,000	23,595	10.00	23,595	
	Stock—Lastertech Co., Ltd.	-	Financial assets measured at cost, noncurrent	1,910,988	85,520	3.18	55,520	
	Stock—Tatung Technology Inc.	-	Financial assets measured at cost, noncurrent	2,727,272	33,946	6.65	33,946	
	Stock—Medigen Biotechnology Corp.	-	Financial assets measured at cost, noncurrent	100,036	7,933		7,933	
Chih Sheng Holding Co., Ltd.	Stock—Can Yang Investments Ltd.	-	Financial assets measured at cost, noncurrent	4,250,100	54,799	2.62	-	
Shan-Chih Asset Development Co.	Stock—Cathay Financial Holdings Co., Ltd.	-	Available-for-sale financial assets, noncurrent	42,997	2,072	-	2,072	
	Stock—Yuanta Financial Holding Co., Ltd.	-	Available-for-sale financial assets, noncurrent	3,887	47	-	47	
	Stock—CTBC Financial Holding Co., Ltd.	-	Available-for-sale financial assets, noncurrent	747,636	13,196	-	13,196	
	Stock—Hua Nan Financial Holdings Co., Ltd.	-	Available-for-sale financial assets, noncurrent	128,074	2,081	-	2,081	
	Stock—Green Energy Technology Inc.	Affiliated company	Available-for-sale financial assets, noncurrent	13,253,936	213,388	3.20	213,388	(Note 1)
	Stock—Tatung System Technologies Inc.	Affiliated company	Available-for-sale financial assets, noncurrent	171	3	-	3	(Note 1)
	Stock—Chunghwa Electronics Investment Co., Ltd.	Affiliated company	Available-for-sale financial assets, noncurrent	562,355	1,000	-	1,000	(Note 1)
Tatung Medical Healthcare Technologies Co., Ltd.	Stock—Megaforce Co., Ltd	-	Available-for-sale financial assets, current	80,000	1,308	6	16	
Shan Chih Investment Co., Ltd.	Stock—Lastertech Co., Ltd.	-	Available-for-sale financial assets, noncurrent	3,868,008	188,431	5.66	188,431	
	Stock—Green Energy Technology Inc.	Affiliated company	Available-for-sale financial assets, noncurrent	1,278,173	20,579	31.00	20,579	(Note 1)
	Stock—Tatung Technology Inc.	-	Available-for-sale financial assets, noncurrent	1,027,056	12,787	2.51	12,787	
	Stock—Tatung System Technologies Inc.	Affiliated company	Available-for-sale financial assets, noncurrent	540,450	9,485	80.00	9,485	(Note 1)

Note 1: All transactions are eliminated in the consolidated financial statements.

ATTACHMENT 3-2
Securities held for the year ended December 31, 2016 (Excluding subsidiary, associates and jointly controlled)
(Amounts in Thousands of New Taiwan Dollars, Unless
specified Otherwise)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares	Book value	Percentage of ownership (%)	Market value/ net assets value	
Tatung Company of Japan, Inc.	Stock－Keyence.Co	-	Available-for-sale financial assets, noncurrent	3,593	$79,417	-	$79,417	
	Stock－Fanuc Co.	-	Available-for-sale financial assets, noncurrent	4,000	21,844	-	21,844	
	Stock－Toyota Motor Co.	-	Available-for-sale financial assets, noncurrent	5,500	10,426	-	10,426	
	Stock－Secom Co.Ltd	-	Available-for-sale financial assets, noncurrent	4,000	9,423	-	9,423	
	Stock－Total 48 listed companies	-	Available-for-sale financial assets, noncurrent	-	104,443	-	104,443	
Chunghwa Picture Tubes, Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	10,944,773	104,413	0.47	104,413	(Note 1)
Chunghwa Picture Tubes (Bermuda) Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	11,046,994	105,388	0.47	105,388	(Note 1)
Chunghwa Picture Tubes (Malaysia) Sdn.Bhd.	Mines Golf Resort Berhad	-	Financial assets measured at cost, noncurrent	5,000,000	-	5.26	-	(Note 3)
Dalemont Investment Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	12,105,265	115,484	0.52	115,484	(Note 1)
Daliant Investment Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	12,161,208	116,018	0.52	116,018	(Note 1)
Banglor Investment Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	12,227,364	116,649	0.52	116,649	(Note 1)
Bensaline Investment Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	12,112,154	115,550	0.52	115,550	(Note 1)
Chunghwa PictureTubes Technology (Labuan) Ltd.	Stock－FocaTech systems Co., Ltd	-	Available-for-sale financial assets, noncurrent	787,521	27,721	0.27	27,721	
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Equity－Hua chuang(Fujian) equity investment enterprise (Limited Partnership)	-	Financial assets measured at cost, noncurrent	-	325,429	10.00	-	(Note 3)
	Capital-guaranteed financial product－CCB QianYuan－ZhouZhouLi	-	Financial assets at fair value through profit or loss,current	-	10,278,213	-	10,278,213	
	Capital-guaranteed financial product－CCB QIANYUAN	-	Financial assets at fair value through profit or loss,current	-	3,736,489	-	3,736,489	
Vibrant Display Technology CO., Ltd.	Capital-guaranteed financial product－CCB QianYuan－ZhouZhouLi	-	Financial assets at fair value through profit or loss,current	-	2,332,253	-	2,332,253	
Giantplus Technology Co., Ltd.	Stock－Chinfong Optronics Co.,Ltd	-	Available-for-sale financial assets, noncurrent	2,141,452	-	4.77	-	(Note 2)
Tatung Fine Chemicals Co., Ltd.	Stock－Taiwan Smith Industrial Co., Ltd.	-	Available-for-sale financial assets, noncurrent	400,000	1,802	4.43	1,802	
	Stock－Hsieh Chih Industrial Library Publishing Co.	Affiliated company	Financial assets measured at cost, noncurrent	1	10	0.03	-	

Note 1: All transactions are eliminated in the consolidated financial statements.
Note 2: No active market
Note 3: No active market, able to measure fair value

ATTACHMENT 4

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock.

Buyer/seller	Type and name of securities	Financial statement account (Note 3)	Counter-party	Relationship	Beginning balance		Addition		Disposal				Ending balance		Note
					Shares/units	Amount	Shares/units	Amount	Shares/units	Amount	Cost	Gain (Loss) from disposal	Shares/units	Amount	
Tatung Co., Ltd	Chunghwa Picture Tubes (Labuan) Ltd.	Investments accounted for under the equity method	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	-	$-	8,000,000	$968,560 (Note 1) (359,650) (Note 2)	-	$-	$-	$-	8,000,000	$608,910 (Note 4)	
Chunghwa Picture Tubes (Bermuda) Ltd.	Chunghwa Picture Tubes (Wujiang) Ltd.	Investments accounted for under the equity method	Chunghwa PictureTubes Technology (Labuan) Ltd.	Parent-subsidiary	-	880,223	-	-	-	995,417	880,223	(Note 5)	-	-	
Chunghwa Picture Tubes (Labuan) Ltd.	Chunghwa Picture Tubes (Wujiang) Ltd.	Investments accounted for under the equity method	Chunghwa PictureTubes Technology (Labuan) Ltd.	Affiliated company	-	908,848	-	-	-	1,027,788	908,848	(Note 5)	-	-	
Chunghwa PictureTubes Technology (Labuan) Ltd.	Chunghwa Picture Tubes (Wujiang) Ltd.	Investments accounted for under the equity method	Chunghwa Picture Tubes (Bermuda) Ltd.	Parent-subsidiary	-	-	-	995,417	-	-	-	-	-	995,417 (Note 4)	
Chunghwa PictureTubes Technology (Labuan) Ltd.	Chunghwa Picture Tubes (Wujiang) Ltd.	Investments accounted for under the equity method	Chunghwa Picture Tubes (Labuan) Ltd.	Affiliated company	-	-	-	1,027,788	-	-	-	-	-	1,027,788 (Note 4)	
Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Labuan) Ltd.	Investments accounted for under the equity method	Tatung Co., Ltd	Parent-subsidiary	8,000,000	500,711	-	-	8,000,000	968,560	500,711	(Note 5)	-	-	
Chunghwa Picture Tubes (Wujiang) Ltd.	Xiamen Overseas Chinese Electronic Co., Ltd.	Financial assets at fair value through profit or loss	Xiamen Xinhui Co. Ltd	-	9,523,809	384,021	-	-	9,523,809	384,021	384,021	-	-	-	
Chunghwa Pictures Display Technology (Fujian) Ltd.	Xiamen Overseas Chinese Electronic Co., Ltd.	Financial assets at fair value through profit or loss	Xiamen Xinhui Co. Ltd	-	15,873,015	640,034	-	-	15,873,015	640,034	640,034	-	-	-	
CPTF Optronics Co., Ltd.	Xiamen Overseas Chinese Electronic Co., Ltd.	Financial assets at fair value through profit or loss	Xiamen Xinhui Co. Ltd	-	6,947,050	280,120	-	-	6,947,050	280,120	280,120	-	-	-	
CPTF Optronics Co., Ltd.	Xiamen Overseas Chinese Electronic Co., Ltd.	Financial assets at fair value through profit or loss	Jia-Xing-Rong-Ren Investment Management LP	-	9,634,069	598,653	-	-	9,634,069	598,653	598,653	-	-	-	
CPTF Optronics Co., Ltd.	Xiamen Overseas Chinese Electronic Co., Ltd.	Available-for-sale financial assets	Jia-Xing-Rong-Ren Investment Management LP	-	62,783,960	3,901,342	-	-	62,783,960	3,894,777	3,901,342	2,629,299 (Note 6)	-	-	
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Capital-guaranteed financial product－CCB QianYuan－ZhouZhouLi	Financial assets at fair value through profit or loss	China Construction Bank	-	-	-	-	10,227,756	-	-	-	-	-	10,278,213	
	Capital-guaranteed financial product－CCB QIANYUAN	Financial assets at fair value through profit or loss	China Construction Bank	-	-	-	-	3,719,184	-	-	-	-	-	3,736,489	
Vibrant Display Technology CO., Ltd.	Capital-guaranteed financial product－CCB QianYuan－ZhouZhouLi	Financial assets at fair value through profit or loss	China Construction Bank	-	-	-	-	2,324,490	-	-	-	-	-	2,332,253	

Note 1: Trading prices

Note 2: Changes in additional paid in capital

Note 3: Beginning balance of which is recognized in available-for-sale financial assets and financial assets at fair value through profit or loss is current market price

Beginning balance of which is recognized in investments accounted for under the equity method inclued the adjustments under the equity method

Note 4: Balance was eliminated in the consolidated financial statements.

Note 5: Disposal gain or loss is not recognized due to the equity transactions among the consoldiated entities.

Note 6:Disposal gain is calculated by original acquisition cost 1,265,478 thousand.

ATTACHMENT 5

Real estate acquired with amount exceeding NTD300 million or 20% of the capital stock for the year ended December 31, 2016

Seller	Name of property	Transaction Date	First Acqusition Date	Transaction amount	Counter-party	Relationship	Related party transaction: previous transfer data				Price Reference	Purpose of transaction	Other terms
							Owner	Relationship with issuer	Transfer Date	Amount			
Vibrant Display Technology CO., Ltd.	Land Usage Right	2016.1.6 2016.4.25 2016.5.26	RMB 211,906 thousand	Paid	Putian ministry of land and resources Hanjiang branch office	Non-related	None	None	None	None	Published price	Plant Construction	None
Shan-Chih Asset Development Co.	Land	2016.2.5	1,084,948	Paid	Natural Person	Non-related	None	None	None	None	Published price	Integrate the land in the plant to increase usage efficiency	

Note 1: Appraisal result shall be disclosed in the Price Reference column if property appraisal is required by law.

Note 2: Capital stock refers to the parent company's capital stock. If the stocks were issued with no par value or par value is not NTD 10, the threshould shall be 10% of the equity attributable to shareholders of the parent.

Note 3: Transaction date refers to contract date, payment date, closing date, transfer date, the date of Resolution of the Board of Directors, or other dates on which counter-party and amount were settled, whichever came first.

Note 4: Converted by the exchange rate at December 31.

ATTACHMENT 6

Real estate disposed of with amount exceeding NTD300 million or 20% of the capital stock for the year ended December 31, 2016

Seller	Name of property	Transaction Date	First Acqusition Date	Book value	Transaction amount	Amount received	Gain on disposal	Counter-party	Relationship	Purpose of transaction	Price Reference	Other terms
Chunghwa Picture Tubes Ltd.	Land, plant and equipment	2016.11	66.10	$1,412,243	$3,837,249	$-	As asset transfer delivery has not yet been completed, disposal gain has not been recognized.	Giantplus Technology Co., Ltd.	Parent-subsidiary	Asset activation, resource integration, efficiency increase	The price at which CPT sold the Taoyuan land, plant and equipment to Giantplus Technology Co., Ltd. was appraised by appraisers from Bau Uen Real Estate Appraiser Firm and Jones Lang LaSalle Taiwan Ltd. The prices are listed as follows: The appraisal price of Bau Uen Real Estate Appraiser Firm is NTD 3,814,829 thousand. The appraisal price of Jones Lang LaSalle Taiwan Ltd. is NTD 3,815,741 thousand.	None
Forward Electronics Co., Ltd.	Land and plant	2016.06 (Note 3)	73.02	123,948	550,000	$500,000 (Note 4)	354,387	Flexium Interconnect, Inc.	Non-related	Asset activation	Refer to the appraisal price of Chun Yi Property Appraisal Consulting and the price negotiated by both sides.	Sale and leaseback 3 years

Note 1: Appraisal result shall be disclosed in the Price Reference column if property appraisal is required by law.

Note 2: Capital stock refers to the parent company's capital stock. If the stocks were issued with no par value or par value is not NTD 10, the threshould shall be 10% of the equity attributable to shareholders of the parent.

Note 3: Transaction date refers to contract date.

Note 4: There are still 50,000 thousand not recoverd on December 31,2016. The payment is expected to recover after receiving the certificate of soil testing in 2017.

ATTACHMENT 7

Related party transactions for purchases and sales amounts exceeding NT$100 million or 20% of capital stock

Purchaser (seller)	Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note (Note 1)
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance (Note 1)	Percentage of total receivables (payable)	
Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	Parent-subsidiary	Sales	($3,474,203)	(20.13)	-	No significant difference	Note 7	$1,550,460	26.65	
	Green Energy Technology Inc.	Parent-subsidiary	Sales	(238,180)	(1.38)	-	〃	〃	350,776	6.03	
	Tatung Co. of Japan, Inc.	Parent-subsidiary	Sales	(289,526)	(1.68)	-	〃	〃	35,995	0.62	
	Tatung Electric Company of America, Inc.	Parent-subsidiary	Sales	(212,071)	(1.23)	-	〃	〃	26,567	0.46	
	Tatung (Shanghai) Co., Ltd	Parent-subsidiary	Sales	(112,510)	(0.65)	-	〃	〃	57,820	0.99	
	Tatung System Technologies Inc.	Parent-subsidiary	Purchases	184,507	1.52	-	〃	〃	(15,000)	(0.54)	
	Tatung Co. of America Inc.	Parent-subsidiary	Purchases	131,793	1.09	-	〃	〃	(16,607)	(0.60)	
	Tatung Co. of Japan, Inc.	Parent-subsidiary	Purchases	453,219	3.73	-	〃	〃	(60,168)	(2.18)	
	Tatung (Shanghai) Co., Ltd	Parent-subsidiary	Purchases	309,554	2.55	-	〃	〃	(18,465)	(0.67)	
Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd.	Company in associates	Sales	(1,855,752)	(55.92)	150	-	-	1,429,420	81.41	
	Tatung Co., Ltd	Parent-subsidiary	Sales	(453,219)	(13.70)	60	-	-	60,168	3.40	
	Tatung Co., Ltd	Parent-subsidiary	Purchases	289,526	2.01	-	-	-	(35,995)	(3.72)	
Tatung (Shanghai) Co., Ltd	Tatung Co., Ltd	Parent-subsidiary	Purchases	152,911	16.50	120 day	-	-	-	-	
	Tatung Co., Ltd	Parent-subsidiary	Sales	(313,239)	(27.20)	60 day	-	-	-	-	
	Vibrant Display Technology CO., Ltd.	Company in associates	Sales	(188,818)	(16.40)	According to contract	-	-	-	-	
Shan-Chih Asset Development Co.	Tatung Co., Ltd	Parent-subsidiary	Sales	(238,275)	(28.88)	-	-	-	6	2.96	
Tatung Forever Energy Co., Ltd.	Tatung Co., Ltd	Parent-subsidiary	Sales	(109,098)	(93.45)	30	-	-	-	-	
Tatung Electric Company of America, Inc.	Tatung Co., Ltd	Parent-subsidiary	Purchases	211,480	74.83	O/A120day	-	-	(39,050)	(75.02)	
Tatung Co. of America Inc.	Tatung Co., Ltd	Parent-subsidiary	Sales	(131,793)	9.06	-	-	-	16,607	1.39	
Tatung Consumer Products (Taiwan) Co., Ltd.	Tatung Co., Ltd	Parent-subsidiary	Purchases	3,474,203	70.80	-	-	-	(1,550,460)	(87.26)	
Forward Development Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd.	Company in associates	Sales	(420,363)	(86.90)	O/A60day	No significant difference	No significant difference	90,247	63.90	
	Suzhou Forward Electronics Technology Co., Ltd.	Parent-subsidiary	Purchases	485,015	100.00	O/A90day	No significant difference	No significant difference	(141,487)	(100.00)	
Suzhou Forward Electronics Technology Co., Ltd.	Forward Development Co., Ltd.	Parent-subsidiary	Sales	(480,723)	(70.14)	O/A120day	No significant difference	No significant difference	141,487	68.82	
Tatung System Technologies Inc.	Tatung Co., Ltd	Parent-subsidiary	Sales	(188,522)	(9.00)	O/A30~120day	No significant difference	Note 7	17,646	3.00	
Green Energy Technology Inc.	Ultra Energy (WEIFANG) Technology Co. Ltd	Parent-subsidiary	Sales	(1,275,854)	(9.65)	T/T 90day	N/A	N/A	59,950	5.44	
	Gintech Energy Corporation	Parent-subsidiary	Sales	(293,508)	(2.22)	T/T 30day	N/A	N/A	12,045	1.09	
Chunghwa Picture Tubes, Ltd.	Giantplus Technology Co., Ltd.	Parent-subsidiary	Sales	(807,782)	(3.00)	-	-	-	185,609	9.00	
		Parent-subsidiary	Purchases	2,082,505	10.00	-	-	-	(492,114)	(4.00)	
	CPTF Visual Display (Fuzhou) Ltd.	Parent-subsidiary	Purchases	183,134	1.00	-	-	-	(6,748)	-	
	CPTF Optronics Co., Ltd.	Parent-subsidiary	Purchases	2,141,806	2.00	-	-	-	(5,625,557)	(4.90)	
	Chunghwa Picture Tubes (Wujiang) Ltd.	Parent-subsidiary	Purchases	712,227	1.00	-	-	-	(298,437)	(3.00)	
	Chunghwa Pictures Display Technology (Fujian) Ltd.	Parent-subsidiary	Purchases	1,646,947	8.00	-	-	-	(2,003,393)	(1.70)	

ATTACHMENT 7

Related party transactions for purchases and sales amounts exceeding NT$100 million or 20% of capital stock

Purchaser (seller)	Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note (Note 1)
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance (Note 1)	Percentage of total receivables (payable)	
CPTF Optronics Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(2,141,806)	(2.50)	-	-	-	5,625,557	84.00	
	Chunghwa Pictures Display Technology (Fujian) Ltd.	Company in associates	Sales	(673,716)	(8.00)	-	-	-	627,477	9.00	
	CPTF Visual Display (Fuzhou) Ltd.	Company in associates	Purchases	1,435,000	13.00	-	-	-	(409,695)	(22.00)	
Chunghwa Picture Tubes (Wujiang) Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(712,227)	(70.00)	-	-	-	298,437	85.00	
Chunghwa Pictures Display Technology (Fujian) Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(1,646,947)	(74.00)	-	-	-	2,003,393	96.00	
	CPTF Optronics Co., Ltd.	Company in associates	Purchases	673,716	27.00	-	-	-	(627,477)	(38.00)	
	CPTF Visual Display (Fuzhou) Ltd.	Company in associates	Purchases	196,177	80.00	-	-	-	(192,570)	(12.00)	
CPTF Visual Display (Fuzhou) Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(183,134)	(10.00)	-	-	-	6,748	1.00	
	CPTF Optronics Co., Ltd.	Company in associates	Sales	(1,435,000)	(79.00)	-	-	-	409,695	67.00	
	Chunghwa Pictures Display Technology (Fujian) Ltd.	Company in associates	Sales	(196,177)	(11.00)	-	-	-	192,570	32.00	
Giantplus Technology Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(1,607,891)	(14.00)	-	-	-	492,114	21.00	
		Parent-subsidiary	Purchases	333,612	7.00	-	-	-	(185,609)	(8.00)	
	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Parent-subsidiary	Purchases	192,413	4.00	-	-	-	(24,782)	(1.00)	
	Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Parent-subsidiary	Purchases	902,955	19.00	-	-	-	(379,066)	(16.00)	
	Kunshan Giantplus Optronics Display Technology Co., Ltd	Parent-subsidiary	Purchases	821,512	17.00	-	-	-	(235,899)	(10.00)	
Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Giantplus Technology Co., Ltd.	Parent-subsidiary	Sales	(192,413)	(2.00)	-	-	-	24,782	1.00	
Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Giantplus Technology Co., Ltd.	Parent-subsidiary	Sales	(902,955)	(8.00)	-	-	-	379,066	16.00	
Kunshan Giantplus Optronics Display Technology Co., Ltd	Giantplus Technology Co., Ltd.	Parent-subsidiary	Sales	(821,512)	(7.00)	-	-	-	235,899	10.00	

Note 1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

ATTACHMENT 8

Receivables from related parties with amounts exceeding NT$100 million or 20% of capital stock

Company recorded as receivable	Related party	Relationship	Ending balance (Note 1)	Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
					Amount	Collection status		
Tatung Co., Ltd	1.Accounts receivable-Related party							
	Green Energy Technology Inc.	Parent-subsidiary	$350,776	0.56	$-	-	$-	$-
	Tatung Consumer Products (Taiwan) Co.,Ltd.	Parent-subsidiary	1,550,460	2.34	-	-	-	-
	2.Other accounts receivable-Related party (including long-term)							
	Green Energy Technology Inc.	Parent-subsidiary	317,966	-	-	-	-	-
	Shan-Chih Asset Development Co.	Parent-subsidiary	355,373	-	-	-	-	-
Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd.	Company in associates	1,429,420	1.22	685,801	Both sides actively communicated with repayment but had not yet ask for	-	-
Tatung (Shanghai) Co.,Ltd	Vibrant Display Technology CO., Ltd.	Company in associates	172,385	2.19	-	-	-	-
Suzhou Forward Electronics Technology Co., Ltd.	Forward Development Co., Ltd.	Parent-subsidiary	141,487	3.38	7,049	-	7,049	-
Green Energy Technology Inc.	Gintung Energy Corporation	Parent-subsidiary	216,714	0.58	162,214	Both sides actively communicated with repayment but had not yet ask for it due to the consideration of funding operation.	-	-
Ultra Energy (WEIFANG) Technology Co. Ltd	Green Energy Technology Inc.	Parent-subsidiary	627,105 (RMB 134,891)	1.27	-	-	-	-
Chunghwa Picture Tubes, Ltd.	Giantplus Technology Co., Ltd.	Parent-subsidiary	185,609	9.82	-	-	185,381	-
CPTF Optronics Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	5,625,557	-	-	-	-	-
	Chunghwa Pictures Display Technology (Fujian) Ltd.	Company in associates	627,477	-	-	-	-	
Chunghwa Picture Tubes (Wujiang) Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	298,437	-	-	-	-	-
Chunghwa Pictures Display Technology (Fujian) Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	2,003,393	-	-	-	-	-
CPTF Visual Display (Fuzhou)Ltd.	CPTF Optronics Co., Ltd.	Company in associates	409,695	-	-	-	-	-
	Chunghwa Pictures Display Technology (Fujian) Ltd.	Company in associates	192,570	-	-	-	-	-
Giantplus Technology Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	492,114	5.56	-	-	195,165	-
Shenzhen Giantplus Optoelectronics Display Co.,Ltd.	Giantplus Technology Co., Ltd.	Parent-subsidiary	379,066	-	-	-	379,066	-
Kunshan Giantplus Optronics Display Technology Co., Ltd	Giantplus Technology Co., Ltd.	Parent-subsidiary	235,899	-	-	-	235,899	-

Note 1: All transactions are eliminated in the consolidated financial statements.

ATTACHMENT 9

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd.	Taoyuan City, Taiwan	The manufacturing, sale and research of TFT-LCD and CF products.	$4,293,025	$4,293,025	1,651,827,001	25.49	$2,116,018	($1,776,479)	($158,814)	
						(Note 2)	(Note 2)	(Note 2)			
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of semiconductors, chips and components	920,981	920,981	49,913,576	43.18	932,455	(683,373)	(302,194)	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	The manufacturing and sale of electronics	314,095	314,095	18,955,623	12.05	(107,307)	98,914	8,241	
	Tatung System Technologies Inc.	Taipei City, Taiwan	Software and hardware service and system integration	247,655	247,655	36,018,121	53.60	499,791	89,888	48,178	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products.	392,316	392,316	37,458,319	48.27	167,816	(123,826)	(64,008)	
	Chih Sheng Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,500,000	1,500,000	150,000,000	100.00	704,151	(158,465)	(208,247)	
	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	2,119,350	2,119,350	77,627,119	95.83	499,474	(48,077)	(50,179)	
	Chunghwa Electronics Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	2,217,447	2,217,447	262,626,267	93.27	994,288	(429,178)	(400,298)	
	Shan-Chih Asset Development Co.	Taipei City, Taiwan	The development and leasing of real estate	14,840,192	14,840,192	5,220,064	100.00	30,986,043	25,961	(44,518)	
	Taiwan Telecommunication Industry Co., Ltd.	Taipei City, Taiwan	The manufacturing and design of automated equipments	2,538,471	2,538,471	751,000	100.00	(774,672)	12,038	11,015	
	Tatung Singapore Information Co. Ltd.	Singapore	Investment holding	1,625,465	1,625,465	86,049,842	100.00	(22,959)	(92,571)	(130,675)	
	Tatung Electric (Singapore) Pte. Ltd.	Singapore	Investment holding	676,331	626,418	33,098,675	100.00	859,137	18,814	18,916	
	Tatung Mexico S.A de C.V.	Mexico	The manufacturing of IT products in South America	503,289	503,289	1,597,248	100.00	236,785	58,013	10,033	
	Tatung Co. of Japan, Inc.	Japan	Sales and purchase of electronic parts, home appliances and IT products	1,903	1,903	15,000	100.00	626,519	18,622	18,622	
	Tatung Electronics (S) Pte. Ltd.	Singapore	Purchases, sales and services of raw material	48,276	48,276	3,600,000	90.00	106,158	128,056	115,250	
	Tatung (Thailand) Co.,Ltd.	Thailand	Manufacturing and sales of IT products, home appliances and AI meter	896,506	896,506	97,400,000	92.23	353,723	13,608	13,608	
	Tatung Wire & Cable (Thailand) Co., Ltd.	Thailand	The manufacturing and sales of wire and cable	60,154	60,154	6,810,000	100.00	73,439	-	-	
	Tatung Vietnam Co., Ltd.	Vietnam	The manufacturing and sales of home appliances	932,819	932,819	-	100.00	(243,822)	(43,390)	(43,390)	
	Tatung Electric Technology (VN) Co.,Ltd.	Vietnam	Manufacture and sales of wire and cable	-	459,537	-	100.00	40,257	(11,571)	(11,571)	
	Tatung Consumer Products (Taiwan) Co.,Ltd.	Taipei City, Taiwan	Sales, installation and service of home appliances and digital computer products	1,145,500	1,145,500	49,650,000	99.10	(843,320)	(203,522)	(201,694)	
	Tatung SM-Cyclo Co.	New Taipei City, Taiwan	Speed reducers, speed variators	71,220	71,220	6,400,000	85.33	165,688	52,614	44,897	
	Tatung Die Casting Co.	New Taipei City, Taiwan	Manufacturing and sales of casting mold	7,880	7,880	153,000	51.00	47,752	21,409	10,474	
	Tatung Medical Healthcare Technologies Co., Ltd.	Taipei City, Taiwan	Design and sales of medical instruments	372,207	343,490	30,427,666	95.08	205,761	(20,835)	(19,947)	
	Toes Toes Opto-Mechatronics Co.	Taipei City, Taiwan	The manufacturing of various automatic equipment	170,000	170,000	17,000,000	85.00	63,481	(49,575)	(43,367)	
	Central Research Technology Co.	Taipei City, Taiwan	EMCIRF testing and certification services	120,000	120,000	6,612,155	100.00	54,938	(4,569)	(5,062)	
	Tatung Czech s.r.o	Czech Republic	Manufacture of IT products	342,448	342,448	-	100.00	21,593	(10,447)	(10,447)	
	Tatung Global Strategy Investment and Trading (BVI) Inc.	British Virgin Islands	Investment holding	2,289,059	2,289,059	72,000,000	100.00	(677,463)	(58,854)	(58,854)	
	Absolute Alpha Limited	British Virgin Islands	Investment holding	3,190	3,190	50,000	100.00	20,090	(484)	(484)	
	Tatung Co. of America Inc.	U.S.A.	The sale and servicing of IT and household electronics products in the US	45,115	45,115	1,750,000	50.00	136,528	2,670	2,670	
	Tatung Electric Company of America, Inc.	U.S.A.	Sales and service of motors	121,184	121,184	1,000,000	100.00	184,545	(10,046)	(10,046)	
	Tatung Science and Technology, Inc.	U.S.A.	The sale and purchase of IT products	632,934	632,934	6,872,000	100.00	8,130	(91)	(91)	
	Elitegroup Computer System Co., Ltd.	Taipei City, Taiwan	The manufacturing, design and sales of IT products	5,007,151	5,007,151	152,475,397	27.35	3,846,228	(945,256)	(258,571)	
	Tatung Okuma Co., Ltd.	Taipei City, Taiwan	Sales and production of working machine	49,000	49,000	8,428,000	49.00	1,074,358	235,214	115,255	
	Kuender & Co., Ltd.	Taipei City, Taiwan	Conversion of plastic module	38,500	38,500	10,336,000	50.00	142,461	(111,197)	(55,599)	
	Hsieh Chih Industrial Library Publishing Co.	Taipei City, Taiwan	The publishing and sales of Hsieh Chih Industrial Library	2,420	2,420	242	6.91	931	430	30	
	Chung-Tai Technology Development Engineering Co.	New Taipei City, Taiwan	Construction of telecom cable	88,000	88,000	2,200,000	22.00	14,162	(1,033)	(484)	
	Tatung Forever Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	196,230	100,000	19,623,000	98.12	194,564	(1,537)	(1,507)	
	Tatung Netherlands B.V.	Netherlands	The sales of digital information products	178,579	178,579	11,030	100.00	(125,851)	-	-	
	Taipei Industry Coporation	Taipei City, Taiwan	The development of real estate	19	19	69	-	14	4,016	-	
	Lansong International Co., Ltd.	Cambodia	Forestry	1,271,592	1,271,592	-	98.33	-	-	781	
	Chunghwa Picture Tubes (Labuan) Ltd.	Labuan	Investment holding and the sale of TFT-LCD	968,560	-	8,000,000	41.03	806,760	(27,174)	(11,150)	
	LEAP HIGH LTD	Samoa	Investment holding	9,438	-	195,000	65.00	6,289	238	155	

Note1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

Note2: The prepayment for investments, totalling NTD 2,285,522 thousand is involved so the holding percentage rose to 25.49%. The amount derived from the litigation dispute between the Company and Compal Electronics, Inc ("Compal").

On January 11, 2016, the Supreme Court revoked the appeal filed by Compal, and the ruling is finalised. According to the mediation result and the Supreme Court ruling, Compal requested the Company to pay the contract amount, and thus the Company estimated the amount for the payment as of the balance sheet date. Please refer to Note 9.5.(f) for information regarding the mediation.

ATTACHMENT 9-1

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	British Virgin Islands	Investment holding	$680,752	$680,752	-	100.00	$1,418,618	$55,911	$55,911	
	Gintung Energy Co., Ltd.	Taoyuan City,Taiwan	The manufacturing and sale of solar module and related component	355,296	355,296	5,398,269	14.59	20,868	(68,722)	(10,026)	
San Chih Semiconductor Co., Ltd.	Green Energy Technology Inc.	Taoyuan City,Taiwan	Solar photovoltaic multicrystalline silicon wafers	2,477,692	2,498,522	101,249,274	24.44	1,252,615	(884,448)	(215,894)	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	The manufacturing and sale of electronics	230,958	230,958	10,491,156	6.67	85,356	98,914	6,599	
	Greater Power Limited	Hong Kong	Investment holding	446,482	446,482	13,760,000	100.00	480,781	(70,847)	(70,847)	
	Chih De Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,000	1,000	100,000	100.00	905	50	50	
GREATER POWER LIMITED	Ultra Energy Holdings Limited	Hong Kong	Investment holding	446,482	446,482	13,760,000	19.77	480,471	(358,355)	(70,847)	
Green Energy Technology Inc.	Energy Well International Limited	Hong Kong	Investment holding	1,768,360	1,768,360	56,012,000	100.00	1,949,652	(287,505)	(287,505)	
	Gintung Energy Co., Ltd.	Taoyuan City,Taiwan	The manufacturing and sale of solar module and related component	111,193	111,193	11,119,332	30.05	42,035	(68,722)	(20,651)	
ENERGY WELL INTERNATIONAL LIMITED	Ultra Energy Holdings Limited	Hong Kong	Investment holding	1,767,493	1,767,493	55,840,000	80.23	1,949,835	(358,355)	(287,508)	
Tatung System Technologies Inc.	Chyun Huei Business Technology Inc.	Taipei City, Taiwan	Information software service	42,740	42,740	5,400,000	100.00	91,261	11,555	11,555	
	Tatung System Technologies Holding Ltd.	Samoa	Investment Holding	137,237	137,237	4,600,000	100.00	74,487	(20,779)	(20,779)	
	Tisnet Technology Inc.	Taipei City, Taiwan	Software design and development	62,590	62,590	5,500,000	100.00	56,994	4,225	4,225	
Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Bermuda	Investment holding and the sale of TFT-LCD	3,779,927	3,779,927	131,900,000	100.00	17,785,467	(718,978)	(718,978)	
	Chunghwa Picture Tubes (Labuan) Ltd.	Labuan	Investment holding and the sale of TFT-LCD	-	211,536	-	-	-	41,532	27,475	
	Giantplus Technology Co., Ltd.	Miaoli County, Taiwan	Research, development,production and sales of LCD Display	5,524,295	5,524,295	236,981,757	53.67	3,926,788	632,263	387,324	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	The manufacturing and sale of electronics	402,900	402,900	24,099,974	15.33	197,049	97,647	12,545	
Chunghwa Picture Tubes (Bermuda) Ltd.	Goldmax Asia Pacific Ltd	Hong Kong	Investment holding	18,636	18,636	612,303	4.75	18,636	(47,476)	-	
Giantplus Technology Co., Ltd.	Giantplus (Samoa) Holding Co., Ltd.	Samoa	Investment	1,397,086	1,397,086	44,000,000	100.00	3,269,651	(31,645)	(31,645)	
	Hsh Heng Investment Co., Ltd.	Miaoli County, Taiwan	Investment	21,000	21,000	2,100,000	100.00	15,561	62	62	
	Dai Yi Medical Appliance Co., Ltd	Kaohsiung City, Taiwan	Research, development, production and sales of medical equipments	35,106	35,106	2,606,250	23.27	-	(7,729)	-	
Giantplus (Samoa) Holding Co., Ltd.	Giantplus Holding L.L.C	U.S.A	Investment holding	1,397,086	1,397,086	-	100.00	3,317,257	16,464	16,464	
Tatung Fine Chemicals Co., Ltd.	Shang Chih International Chemical Industry Co., Ltd.	British Virgin Islands	Investment holding	84,647	84,647	-	100.00	91,451	(2,581)	(2,581)	
Shan-Chih Asset Development Co.	Tatung Forestry and Construction Co.	Taipei City, Taiwan	The design and construction of structural engineering	221,405	221,405	22,198,040	99.77	181,630	3,058	3,054	
	Taipei Industry Coporation	Taipei City, Taiwan	The development of real estate	1,058,450	1,058,450	1,362,055	50.61	1,323,010	4,016	2,031	
	Shan-Chih Asset International Holding Corp.	Samoa	Investment holding	2,443,982	2,202,107	65,400,000	100.00	1,337,863	(95,535)	(95,541)	
	Chih Sheng Realty Co., Ltd.	Taipei City, Taiwan	Realty management	592,950	592,950	59,294,950	100.00	1,156,639	(5,014)	(5,014)	
	Hsieh Chih Industrial Library Publishing Co.	Taipei City, Taiwan	The publishing and sales of Hsieh Chih Industrial Library	9,960	9,960	3,201	91.46	12,057	430	393	
Shan Chih Investment Co., Ltd.	Shan-Chih International Holding Co.	Samoa	Investment holding	247,118	247,118	7,950,000	100.00	126,982	(23,619)	(23,619)	
Shan-chih Asset International Holding Co.	San-Chih Asset International(Hong Kong) Holding,.Ltd.	Hong Kong	Investment holding	1,233,915	1,285,673	40,000,000	100.00	1,233,915	(23,699)	(23,699)	

Note1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

ATTACHMENT 9-2

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co.,Ltd.	Taipei City, Taiwan	Produce, food and groceries retail	$12,000	$12,000	12,000,000	52.17	$-	$-	$-	
	Chunghwa Electronics Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	180,000	180,000	18,000,000	6.39	121,961	(429,178)	(27,585)	
	Taiwan Nissei Display System Co., Ltd.	New Taipei City, Taiwan	Electrical contacts	40,464	40,464	200,000	20.00	37,748	(11,316)	(8,623)	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products.	57,044	57,044	3,796,537	4.89	17,937	(123,826)	(6,487)	
	Chih Sheng Investment (BVI) Co., Ltd.	British Virgin Islands	Investment holding	508,337	508,337	16,862,590	100.00	114,154	(1,493)	(38,498)	
	Green Energy Technology Inc.	Taoyuan City,Taiwan	Solar photovoltaic multicrystalline silicon wafers	648,038	648,038	34,270,610	8.27	327,456	(884,448)	(73,214)	
Chih Sheng Investment (BVI) Co., Ltd.	Chih Sheng Holding Co., Ltd.	British Virgin Islands	Investment holding	542,219	542,219	16,812,590	100.00	114,282	(48,117)	(48,117)	
Chih Sheng Holding Co, Ltd	Chih Sheng Holding HK Limited	Hong Kong	Investment holding	200,111	200,111	6,205,310	100.00	(24,418)	(13,548)	(13,548)	
	Goldmax Asia Pacific Ltd	Hong Kong	Investment holding	193,500	193,500	6,000,000	46.51	71,863	(47,476)	(74,693)	
Chunghwa Electronics Investment Co., Ltd.	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	92,918	92,918	3,376,213	4.17	18,782	(48,077)	(1,791)	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	The manufacturing and sale of electronics	38,057	38,057	10,531,750	6.70	86,902	98,914	4,579	
	Chunghwa Picture Tubes, Ltd.	Taoyuan City, Taiwan	The manufacturing, sale and research of TFT-LCD and CF products.	4,033,037	4,033,037	585,825,932	9.04	909,476	(1,776,479)	(169,656)	
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of semiconductors, chips and components	320,374	320,374	17,362,651	15.02	524,035	(683,373)	(248,332)	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products.	17,338	17,338	1,138,960	1.47	5,381	(123,826)	(1,946)	
Toes Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Taoyuan City,Taiwan	The manufacturing and sale of solar module and related component			438,600	1.18	1,908	(68,722)	(591)	
Tatung Medical Healthcare Technologies Co., Ltd.	Cloud Care Technologies Co., Ltd.	Taipei City, Taiwan	service of information software	1,600	1,600	160,000	40.00	1,810	(406)	(154)	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	100,000	60,000	10,000,000	100.00	98,250	(1,698)	(1,698)	
Tatung Mexico S.A de C.V.	TMX Logistics, Inc.	U.S.A	Hun Service	83,160	83,160	2,694,403	100.00	55,006	(11,344)	(11,344)	
	TMX Technologies, Inc.	U.S.A	Technologies & Business	49,246	21,605	20,800	100.00	13,987	(10,832)	(10,832)	
Tatung Global Strategy Investment and Trading(BVI) Inc.	Chunghwa Picture Tubes, Ltd.	Taoyuan City, Taiwan	The manufacturing, sale and research of TFT-LCD and CF products.	1,982,713	1,982,713	198,918,167	3.07	112,294	(1,776,479)	(267,201)	
Absolute Alpha Limited	Tatung Information Technologies Corp.	U.S.A	The sale of electronic products	1,595	1,595	50,000	100.00	-	-	(440)	
Tatung Singapore Information Co. Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	27,434	-	125,099	100.00	27,434	-	-	
	Tatung Myanmar JV Holding Co., Ltd.	British Virgin Islands	Investment holding	4,841	-	150,000	100.00	4,841	(150)	(150)	
Tatung Myanmar JV Holding Co., Ltd.	LIN HTET LIN Co., Ltd.	Myanmar	Solar energy related business	4,841	-	73,500	49.00	4,691	(342)	(150)	
Tatung (Thailand) Co.,Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner Investment holding	-	-	1	-	-	-	-	

Note1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

ATTACHMENT 10

Investment in Mainland China

Investor company (Note 7)	Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Notes 2 and 4)	Carrying Value as of December 31, 2016 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2016
						Outflow	Inflow						
Tatung Electric (Singapore) Pte. Ltd.	Tatung (Shanghai) Co.,Ltd	The manufacturing and sales of AC motor, DC motors, AC generators, diesel engine generators, variablespeed motors, inverters and PLCs, transformers, switchboards	$750,157	(2) (Note 6)	$608,189	$49,913	$-	$658,102	$18,030	87.23%	$15,728 (2) B.	$859,137	$-
Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Produce and sales of appliances and electronic production	810,692	(2) (Note 6)	810,692	-	-	810,692	(47,241)	100.00%	(47,241) (2) B.	(446,089)	-
	Tatung Wire and Cable Technology (Wujiang) Co., Ltd.	The manufacturing and sales of wire and cable	412,653	(2) (Note 6)	412,653	-	-	412,653	(36,091)	100.00%	(36,091) (2) B.	97,663	-
	Tatung Compressors (Zhongshan) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	363,268	(2) (Note 6)	293,308	-	-	293,308	9,976	79.89%	7,970 (2) B.	310,106	-
ULTRA ENERGY HOLDINGS LIMITED	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar wafer slicing	2,244,600 USD 69,600	(2) (Note 8)	2,244,600 USD 69,600	-	-	2,244,600 USD 69,600	(358,374)	100.00%	(141,124) (2) B.	957,459	-
Forward Development Co.,Ltd	Forward Electronics Equipment(Dong Guan) Co.,Ltd.	The manufacturing and sale of tuner, keyboard, mouse, remote controller, switch, socket, potentiometer and gaming mouse.	148,350 USD 4,600	(2) (Note 5)	122,788	-	-	122,788	5,243	100.00%	5,243 (2) B.	138,923	26,252 USD 814
	Suzhou Forward Electronics Technology Co., Ltd.	The manufacturing and sale of backlight unit for TFT-LCD, driving board, tuner, keyboard, mouse,switch, socket and connector.	877,200 USD 27,200	(2) (Note 5)	145,175	-	-	145,175	45,830	100.00%	45,830 (2) B.	1,177,271	271,577 USD 8,421
	CPTF Visual Display (Fuzhou) Ltd.	Manufacture components of TFT-LCD	167,700 USD 5,200	(2) (Note 5)	35,495	-	-	35,495	19,505	24.81%	4,839 (2) B.	110,319	-
Tatung System Technologies Holding Inc.	TSTI Technologies (Shanghai) Co., Ltd.	Information software service	144,888 RMB 30,000	(2) (Note 6)	136,308 USD 4,569	-	-	136,308 USD 4,569	(22,083) RMB (4,552)	94.00%	(22,293) (2) B.	77,817	-
Tatung Fine Chemicals Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sale of industry coating and electro-deposition coating.	80,970 USD 2,467	(1)	33,156 USD 1,060	-	-	33,156 USD 1,060	11,281	100.00%	11,281 (2) B.	153,115	61,194
	Huaian Tatung Advanced Technology Materials Co., Ltd.	The manufacturing and sale of positive material of lithium battery, printer ink,electro-deposition high performance coating.	162,429 USD 5,000	(1)	147,987 USD 4,550	-	-	147,987 USD 4,550	(4,994)	100.00%	(4,994) (2) B.	31,670	-
	Wujiang Shang Huah Plastic Co., Ltd.	ABS plastic, color dyes.	10,080 USD 300	(1)	10,080 USD 300	-	-	10,080 USD 300	(793)	100.00%	(793) (2) B.	5,509	2,757
Shang Chih International Chemical Industry Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	The whole sale of painting, coating and chemical products	32,236 USD 1,000	(2) (Note 6)	32,236 USD 1,000	-	-	32,236 USD 1,000	7,014	100.00%	7,014 (2) B.	54,086	-
	Wujiang Shanghua Material Technology Co., Ltd.	The manufacturing and sale of ABS plastic	52,411 USD 1,600	(2) (Note 6)	52,411 USD 1,600	-	-	52,411 USD 1,600	(9,592)	100.00%	(9,592) (2) B.	42,537	8,726

ATTACHMENT 10-1

Investment in Mainland China

Investor company (Note 7)	Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Notes 2 and 4)	Carrying Value as of December 31, 2016 (Note 4)	Remittance of Earnings as of Outflow December 31, 2016
						Outflow	Inflow						
Chunghwa Picture Tubes (Bermuda) Ltd. And Chunghwa Picture Tubes (Labuan) Ltd.	CPTF Optronics Co., Ltd.	Assembly final module of TFT-LCD	$10,811,324 RMB 2,325,526	(3) (Note 6)	$258,000 USD 8,000	$-	$-	$258,000 USD 8,000	$4,307,215	100.00%	$2,353,031 (2) B.	$4,342,749	$1,257,976 USD 39,007
	Chunghwa Picture Tubes(Wujiang) Ltd.	Assembly final module of TFT-LCD	3,870,000 USD 120,000	(4) (Note 6)	-	-	-	-	(944,707)	100.00%	(516,093) (2) B.	1,548,264	-
	Chunghwa Picture Tubes Display Technology (Fujian) Ltd.	Assembly final module of TFT-LCD	725,625 USD 22,500	(4) (Note 6)	-	-	-	-	(50,246)	80.00%	(23,103) (2) B.	212,896	-
	Kornerstone Material Technology Co.	Manufacture components of TFT-LCD	11,466,810 USD 355,560	(5) (Note 6)	-	-	-	-	(968,535)	96.37%	(491,532) (2) B.	2,344,792	-
	CPTF Visual Display (Fuzhou) Ltd.	Manufacture components of TFT-LCD	167,700 USD 5,200	(5) (Note 6)	-	-	-	-	19,505	75.19%	9,203 (2) B.	131,693	-
	Hwallar Optronics (Fuzhou)Co., Ltd.	Manufacture components of TFT-LCD	96,750 USD 3,000	(5) (Note 6)	-	-	-	-	(82,163)	51.00%	(22,890) (2) B.	-	-
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Production and sales of TFT-LCD	8,037,022 RMB 1,728,771	(5) (Note 6)	-	-	-	-	(678,237)	30.42%	(370,521) (2) B.	15,898,926	-
	CPTF Optronics (Shen-Zhen) Co., Ltd.	Market research service	9,298 RMB 2,000	(5) (Note 6)	-	-	-	-	1,624	100.00%	1,624 (2) B.	10,785	-
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Fuzhou YingYuan Equity Investment Management Co., Ltd.	Consulting service for investment related or not related to securities	46,490 RMB 10,000	(5) (Note 6)	-	-	-	-	1,457	100.00%	796 (2) B.	14,662	-
	Vibrant Display Technology CO., Ltd.	R&D, design and manufacture components of TFT-LCD	22,315,104 RMB 4,800,000	(5) (Note 6)	-	-	-	-	(289,941)	100.00%	(158,395) (2) B.	6,543,917	-
	Chunghwa Pictures Display Technology (Fujian) Ltd.	Research, development, design, manufacture, sale and service of LCD and its components	967,500 USD 30,000	(4) (Note 6)	-	-	-	-	89,276	100.00%	48,772 (2) B.	681,043	-
Fuzhou YingYuan Equity Investment Management Co., Ltd.	PanShiYiYuan Mgmt. Investment (Fuzhou) Co.	Consulting service for investment related or not related to securities	464,898 RMB 100,000	(4) (Note 6)	-	-	-	-	(25,039)	5.00%	(2,504) (2) B.	48,503	-
CPTF Optronics Co., Ltd.	PanShiYiYuan Mgmt. Investment (Fuzhou) Co.	Consulting service for investment related or not related to securities	464,898 RMB 100,000	(4) (Note 6)	-	-	-	-	(25,039)	45.00%	(22,535) (2) B.	436,526	-
Giantplus Holding L.L.C	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Manufacture Components of LCD Display	967,500 USD 30,000	(2) (Note 6)	967,500 USD 30,000	-	-	967,500 USD 30,000	(60,705)	100.00%	(60,705) (2) B.	1,172,820	-
	Shenzhen Giantplus Optoelectronics Display Co.,Ltd.	Manufacture Components of LCD Display	387,000 USD 12,000	(2) (Note 6)	387,000 USD 12,000	-	-	387,000 USD 12,000	19,721	100.00%	19,721 (2) B.	819,785	-
	Kunshan Giantplus Optronics Display Technology Co.,Ltd	Sales of Touch Panel	935,250 USD 29,000	(2) (Note 6)	935,250 USD 29,000	-	-	935,250 USD 29,000	115,930	100.00%	115,930 (2) B.	474,309	-
Kornerstone Materials Technology Co. Ltd.	DDD3Empire	Produce, research and sales of optical glass	69,735 RMB 15,000	(2) (Note 6)	-	-	-	-	(608)	55.00%	(96) (2) B.	10,954	-
Shan-Chih Asset International Holding Co.,Ltd	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	256,608 USD 8,000	(2) (Note 6)	14,733 USD 500	241,875 USD 7,500	-	256,608 USD 8,000	(658)	100.00%	(658) (2) B.	239,849	-

ATTACHMENT 10-2

Investment in Mainland China

Investor company (Note 7)	Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Notes 2 and 4)	Carrying Value as of December 31, 2016 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2016
						Outflow	Inflow						
San-Chih Asset International (H.K)Holding.,Ltd	Suqian Zhiwei Real Estate Co., Ltd	Realty and Leasing Service	$1,184,375	(2) (Note 6)	$1,184,375	$-	$-	$1,184,375	$(88,914)	100.00%	$(88,914) (2) B.	$1,046,122	$-
Goldmax Asia Pacific Ltd	Kornerstone Materials Technology Co. Lt	Manufacture components of TFT-LCD	2,217,355	(2) (Note 6)	388,211	-	-	388,211	(968,535)	3.78%	(36,611) (2) B.	151,494	-
Chih Sheng Holding HK Limited	Wu-jiang Tatung Electronics Trading co.LTD	Sales of appliances and electronic production	171,226 USD 5,460	(2) (Note 6)	171,226 USD 5,460	-	-	171,226 USD 5,460	(12,964)	100.00%	(12,964) (2) B.	(26,358)	-
Shan-Chih International Holding Co.	Shan-Chih Wire&Cable Technology(Wujiang)Co., Ltd.	The manufacturing and sales of wire and cable	53,194	(2) (Note 6)	53,194	-	-	53,194	(24,254)	100.00%	(24,254) (2) B.	(71,598)	-
	Tatung (Shanghai) Co.,Ltd	The manufacturing and sales of AC motor, DC motors, AC generators, diesel engine, generators,variable speed motors variable speed motors, inverters, PLCs, transformers, switchboards	750,157	(2) (Note 6)	92,055	-	-	92,055	18,030	12.77%	2,302 (2) B.	106,592	-
	Tatung Compressors (Zhongshan) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	363,268	(2) (Note 6)	69,960	-	-	69,960	7,894	20.11%	1,234 (2) B.	92,344	-
Tatung (Shanghai) Co.,Ltd	Tatung Cranes (Shanghai) Co., Ltd.	The manufacturing and sales of cranes	43,459 RMB 9,348	(2) (Note 6)	17,656 USD 563	-	-	17,656 USD 563	(1,440) RMB(310)	45.00%	(649) RMB(139) (2) B.	27,657 RMB 5,949	-

Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 9)
$9,916,026	$20,920,403	$51,529,995

Note 1: The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region. (Please specify the name of the company in third region).

(3) Is invested in the company through a third country to reinvest in Mainland China. In addition to the USD 8,000 thousand outward remittance from Taiwan to invest, the remaining amount was reinvested by mainland companies and third region investment company.

(4) Is invested in the company through a third country to reinvest in Mainland China. All funds was reinvested by earning of third sub-regional investment company.

(5) Reinvested by the surplus from a mainland company established through a third region.

(6) Other methods

Note 2: The investment income (loss) recognized in current period:

(1)Please specify if no investment income (loss) has been recognized as still in the preparation stage.

(2)The investment income (loss) were determined based on the following:

A.The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.

B.The financial statements certificated by the CPA of the parent company in Taiwan.

C.Others.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date.

US dollars exchange rate on December 31, 2016: 32.25000

RMB exchange rate on December 31, 2016: 4.64898

Note 4: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

Note 5: Reinvested through Forward Investment Co., Ltd. by remitting the ivestment funding and equipment investment.

Note 6: Refer to the investment company name column for third region investment companies.

Note 7: Refer to Attachment 8 for investment percentages in all investees of the Company.

Note 8：Invested by Greater Power Limited, which is invested by GET through Ultra Energy Holding Limited and San Chih Semiconductor Co., Ltd..

Note 9: Calculated by the net worth of the consolidated financial statement of the Company from December 31, 2016

Attachement 11

Intercompany Relationships and Significant Intercompany Transactions

Individual transaction amounts less than $100 million will not be disclosed; instead they will be disclosed as other assets or liabilities and income or expense , while the relative transactions will not be disclosed

Number (Note 1)	Company Name	Counter Party	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Account receivable	1,550,460	-	0.65%
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Sales	3,474,203	Note 7	4.47%
0	Tatung Co., Ltd	Tatung Company of Japan, Inc.	1	Sales	289,526	Note 7	0.37%
0	Tatung Co., Ltd	Green Energy Technology Inc.	1	Sales	238,188	Note 7	0.31%
0	Tatung Co., Ltd	Green Energy Technology Inc.	1	Account receivable	350,776	-	0.15%
0	Tatung Co., Ltd	Green Energy Technology Inc.	1	Other receivable	317,966	-	0.13%
0	Tatung Co., Ltd	Shan-Chih Asset Development Co.	1	Other receivable	355,373	-	0.15%
0	Tatung Co., Ltd	Tatung Electric Company of America, Inc.	1	Sales	212,071	Note 7	0.27%
0	Tatung Co., Ltd	Tatung (Shanghai) Co.,Ltd	1	Sales	112,510	Note 7	0.14%
1	Tatung Company of Japan, Inc.	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Sales	1,855,752	Note 7	2.39%
1	Tatung Company of Japan, Inc.	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Account receivable	1,429,420	-	0.60%
1	Tatung Company of Japan, Inc.	Tatung Co., Ltd	2	Sales	453,219	Note 7	0.58%
2	Forward Electronics Co., Ltd & Consolidated subsidiary	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Sales	420,363	Note 7	0.54%
3	Tatung System Technologies Inc.	Tatung Co., Ltd	2	Sales	188,522	Note 7	0.24%
4	Shan-Chih Asset Development Co.	Tatung Co., Ltd	2	Sales	238,275	Note 7	0.31%
5	Tatung Forever Energy Co., Ltd.	Tatung Co., Ltd	2	Sales	109,098	Note 7	0.14%
6	Tatung (Shanghai) Co.,Ltd	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Account receivable	172,385	-	0.07%
6	Tatung (Shanghai) Co.,Ltd	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Sales	188,818	Note 7	0.24%
6	Tatung (Shanghai) Co.,Ltd	Tatung Co., Ltd	2	Sales	313,239	Note 7	0.40%
7	Tatung Co. of America Inc.	Tatung Co., Ltd	2	Sales	131,793	Note 7	0.17%

Note 1: The Company and its subsidiaries are coded as follows:

1 The Company is coded "0".

2 Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1 Parent company to subsidiary

2 Subsidiary to parent company

3 Subsidiary to subsidiary

Note 3: When calculating the percentage of transaction amount to the consolidated revenues or the consolidated assets: Items of the balance sheets are calculated as its ending balance to total consolidated assets; items of income statement are calculated by its cumulative balance to the total consolidated income.